AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)

Consolidated Financial Statements
December 31, 2019 and 2018
(Expressed in Canadian Dollars)

Index	**Page**
Independent Auditors' Report to the Shareholders	1 - 3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Comprehensive Loss	5
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 45

Smythe
CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)

Opinion

We have audited the consolidated financial statements of Aquarius AI Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the 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, 2019 and 2018, 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 audits 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 incurred a net loss of $24,894,255 during the year ended December 31, 2019 and has an accumulated deficit of $36,881,535 as of December 31, 2019. 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 and will not express any form of assurance conclusion thereon.

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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 audits, and remain alert for indications that the other information 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 International Financial Reporting Standards, 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 auditor's 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.

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- 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 auditors' 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 consolidated financial information of the entities or business activities within the Company to express an opinion on the 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
July 13, 2020

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AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)
Consolidated Statements of Financial Position
December 31, 2019 and 2018
(Expressed in Canadian Dollars)

		2019		2018
Assets (note 22)				
Current				
Cash	$	100,767	$	781,260
Accounts receivable, net (note 14)		597,765		20,580,940
GST receivable		102,915		154,403
Prepaids		35,738		679,490
		837,185		22,196,093
Deposits (note 21)		-		2,098,149
Equipment (note 7)		-		116,038
Intangible Assets (note 8)		-		11,306,691
Goodwill (note 20)		-		10,201,411
		-		23,722,289
	$	837,185	$	45,918,382
Liabilities				
Current				
Accounts payable and accrued liabilities (notes 14, 28)	$	3,267,661	$	11,450,396
Loan payable (note 23)		1,091,936		1,035,010
Bank debts (note 22)		10,890,042		4,301,066
Other liabilities (note 17)		559,931		434,931
		15,809,570		17,221,403
Bank Debts (note 22)		-		5,502,070
Contingent Consideration (note 20)		-		12,208,499
Derivative Liability (notes 9, 12)		48,641		555,058
Deferred Income Taxes (note 13)		-		2,815,494
		15,858,211		38,302,524
Shareholders' Equity (Deficiency)				
Share Capital (note 12)		20,296,209		17,805,727
Translation Reserve		(140,149)		325,479
Reserves (note 12)		1,680,811		1,448,294
Deficit		(36,881,535)		(11,986,302)
Equity (Deficiency) Attributable to Owners of the Company		(15,044,664)		7,593,198
Non-Controlling Interest (note 18)		23,638		22,660
		(15,021,026)		7,615,858
	$	837,185	$	45,918,382

Approved on behalf of the Board:

"Jesse Dylan" ………………………………………………
Jesse Dylan, Director

"Chris Bradley" ………………………………………………
Chris Bradley, Director

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

AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)
Consolidated Statements of Comprehensive Loss
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

		2019		2018
Revenues	$	8,358,386	$	20,077,289
Direct Expenses		5,968,349		12,798,261
Gross Profit		2,390,037		7,279,028
Operating Expenses				
Amortization (notes 7, 8)		705,125		166,994
Bad debts (note 27)		10,227,552		14,602
Financing costs		867,017		222,819
General and administrative (note 25)		5,720,279		3,754,872
Marketing and sales		1,119,582		426,485
Research and development (note 21)		2,004,502		809,014
Share-based compensation (notes 12, 14)		212,161		889,817
		20,856,218		6,284,603
Operating Income (loss)		(18,466,181)		994,425
Transaction costs (notes 14, 19, 20)		-		(3,759,728)
Impairments and write-offs (note 15)		(10,259,692)		-
Foreign exchange gain (loss)		(144,797)		269,761
Gain on debt settlement (notes 12, 26)		855,135		305,025
Loan and litigation settlement fee (note 17)		(75,000)		(159,776)
Contract settlement fees (note 28)		(656,470)		-
Fair value changes of derivative liability (note 12)		1,037,256		85,438
Loss Before Income Taxes		(27,709,749)		(2,264,855)
Deferred income tax recovery (notes 13)		2,815,494		-
Net Loss	$	(24,894,255)	$	(2,264,855)
Net Loss Attributed to:				
Owners of the Company	$	(24,895,233)	$	(2,345,549)
Non-controlling interest		978		80,694
	$	(24,894,255)	$	(2,264,855)
Translation adjustment		(465,628)		325,479
Comprehensive Loss	$	(25,359,883)	$	(1,939,376)
Comprehensive Loss Attributed to:				
Owners of the Company	$	(25,360,861)	$	(2,020,070)
Non-controlling interest		978		80,694
	$	(25,359,883)	$	(1,939,376)
Basic and Diluted Loss Per Share (note 24)	$	(2.97)	$	(0.31)

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

AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital							
	Number	Amount	Convertible Debentures – Equity Component	Reserves	Translation Reserve	Deficit	Non-Controlling Interest	Total
Balance, December 31, 2017	**2,605,870**	**$ 7,087,362**	**$ 209,463**	**$ 140,218**	**$ -**	**$ (9,640,753)**	**$ (58,034)**	**$ (2,261,744)**
Shares issued from private placement	3,775,762	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	400,000	1,000,000	-	126,000	-	-	-	1,126,000
Shares issued for debt	89,711	147,482	-	-	-	-	-	147,482
Share-based compensation	-	-	-	889,817	-	-	-	889,817
Units issued for Bridge Financing convertible notes	844,820	1,571,869	(193,327)	-	-	-	-	1,378,542
Shares issued for convertible notes	13,446	42,110	(16,136)	-	-	-	-	25,974
Finders warrants issued on business combination	-	-	-	36,699	-	-	-	36,699
Warrants exercised	4,500	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	**7,734,109**	**$17,805,727**	**$ -**	**$ 1,448,294**	**$ 325,479**	**$(11,986,302)**	**$ 22,660**	**$ 7,615,858**
Units issued from private placement	1,058,750	2,117,500	-	-	-	-	-	2,117,500
Agents units	12,500	25,000	-	-	-	-	-	25,000
Share issuance costs	-	(220,625)	-	-	-	-	-	(220,625)
Agents options	-	(81,256)	-	81,256	-	-	-	-
Options exercised	213,310	576,051	-	(60,900)	-	-	-	515,151
Share-based compensation	-	-	-	212,161	-	-	-	212,161
Warrants exercised	21,333	73,812	-	-	-	-	-	73,812
Cumulative translation adjustment	-	-	-	-	(465,628)	-	-	(465,628)
Net loss for the year	-	-	-	-	-	(24,895,233)	978	(24,894,255)
Balance, December 31, 2019	**9,040,002**	**$20,296,209**	**$ -**	**$ 1,680,811**	**$ (140,149)**	**$ (36,881,535)**	**$ 23,638**	**$ (15,021,026)**

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

AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
Operating Activities		
Net loss for the year	$ (24,894,255)	$ (2,264,855)
Items not involving cash		
Amortization	705,125	166,994
Bad debts	10,227,552	14,602
Impairments and write-offs	10,259,692	-
Share-based compensation	212,161	889,817
Financing costs	163,575	1,127
Gain on debt settlement	(855,135)	(305,025)
Litigation settlement fee	75,000	-
Transaction costs	-	1,060,340
Fair value change in derivative liability	(1,037,256)	(85,438)
Deferred income tax recovery	(2,815,494)	-
Foreign exchange gain (loss)	41,895	(113,749)
	(7,917,140)	(636,187)
Changes in non-cash working capital		
Accounts receivable	4,739,336	(3,488,277)
GST receivable	51,488	(53,497)
Prepaids	56,357	(649,009)
Deposit	2,004,502	(2,004,502)
Other liabilities	-	(1,020,440)
Accounts payable and accrued liabilities	(2,764,649)	(3,982,044)
Interest payable	-	(111,378)
Cash Used in Operating Activities	(3,830,106)	(11,945,334)
Investing Activities		
Purchase of equipment	(1,385)	(137,566)
Purchase of intangibles	(26,900)	(214,881)
Cash received on acquisition of Exito	-	67,994
Acquisition of 495, net of cash acquired	-	(3,670,591)
Acquisition of ImpressionX	(234,005)	(670,550)
Cash Used in Investing Activities	(262,290)	(4,625,594)
Financing Activities		
Proceeds from share issuances	2,117,500	9,450,000
Share issuance costs	(195,625)	(1,337,257)
Obligation to issue shares	50,000	-
Amounts drawn from credit facility	1,620,938	9,803,136
Principal repaid on credit facility	(700,333)	-
Principal repayments on lease	(55,767)	-
Proceeds from exercise of options	515,151	-
Convertible debt repayment	-	(101,696)
Proceeds from exercise of warrants	73,812	8,438
Promissory notes repayment	-	(750,000)
Cash Provided by Financing Activities	3,425,676	17,072,621
Foreign Exchange Effect on Cash	(13,773)	264,099
Inflow/Outflow of Cash	(680,493)	765,792
Cash, Beginning of Year	781,260	15,468
Cash, End of Year	$ 100,767	$ 781,260

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aquarius AI Inc. (formerly Good Life Networks Inc.) (the "Company" or "Aquarius") was incorporated under the Business Corporations Act on August 17, 2011.

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. The Company continued 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 changed its name from Good Life Networks Inc. to Aquarius AI Inc. on November 29, 2019. The trading ticker symbol is "AQUA". The Company continues to trade on the Frankfurt Stock Exchange under the stock symbol "4G5"

The Company is a marketing technology business that is currently repositioning to focus on customer acquisition and using technology to generate revenues in the online gaming, gambling and betting space. The principal office of the Company is located at 595 Howe Street 10th floor, Vancouver, BC V6C 2T5, Canada.

On July 8, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares held. The 90,400,027 pre-consolidated common shares issued and outstanding were adjusted to 9,040,003 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding, warrants outstanding, options outstanding, and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the one-for-ten share consolidation.

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, 2019, the Company had a net loss of $24,894,255 (2018 – $2,264,855) and cash outflows from operating activities of $3,830,106 (2018 - $11,945,334) and as at December 31, 2019, has an accumulated deficit of $36,881,535 (2018 - $11,986,302).

The Company is not in compliance with certain debt covenants as at December 31, 2019 and no longer expects to generate sufficient working capital to enable it to repay the principal amount of the loan due February 1, 2020. 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 twelve-month period. Management's plan is to actively 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 and repay

its liabilities. 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 consolidated 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 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 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 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 July 13, 2020.

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* ("IFRS 16"). IFRS 16 was adopted retrospectively with no restatement of comparative periods, as permitted by the transition provisions of the standard (note 3).

(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 and its subsidiaries' functional currency is US dollars.

(c) Consolidation

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

	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 20). ImpressionX was dissolved on December 10, 2019.

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 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 and derivative liabilities are 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, goodwill and equipment 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.

Significant areas requiring the use of judgments include:

(i) 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.

(ii) 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.

(iii) 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.

(iv) The Company records expected credit losses ("ECL") related to accounts receivable that are considered to be uncollectable. The ECL 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 ECL and the provision for bad debts.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) Contingent consideration and the allocation of fair value of assets acquired. The determination of fair value of assets acquired and contingent consolidation 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) 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 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.

(b) 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.

(c) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

(d) Revenue recognition

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 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.

(e) Share-based compensation

Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation 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 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 test 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) Earnings (loss) per share

Basic earnings (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) Financial instruments

The following table shows the classification of financial instruments:

	Classification
Cash	Fair value – P&L
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Bank debs	Amortized cost
Contingent consideration	Amortized cost
Other liabilities	Amortized cost
Derivative liability	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.

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 give 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 costs 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.

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.

(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

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.

(l) 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).

(m) 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).

(n) Leases

The Company adopted IFRS 16 *Leases* ("IFRS 16") effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying as set. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases*, and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

As at January 1, 2019, the Company had an office lease for its premises in Vancouver, British Columbia and was classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 7.5% as of January 1, 2019. As a result, the Company, as a lessee, recognized $82,361 as a lease liability, representing its obligation to make lease payments. A ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset.

The following table summarizes the difference between the operating lease commitments disclosed immediately preceding the date of initial application and lease liability recognized on the consolidated statement of financial position at the date of initial application:

Operating lease liability as at December 31, 2018	$ 110,218
Effect of discounting at incremental borrowing rate	(27,857)
Lease liability recognized as of January 1, 2019	**$ 82,361**

(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.

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, bank debts and other liabilities are classified at amortized cost. The carrying values of these instruments, other than bank debts, approximate their fair values due to their short term to maturity. The carrying value of bank debts 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 $100,767 (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, 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 $597,765 (2018 - $20,580,940). Accounts receivable are shown net of provision of credit losses of $nil (2018 – $353,930).

(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, 2019, the Company has $100,767 (2018 - $781,260) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $3,267,661 (2018 - $11,450,396) are due within three to six months. Loan payable of $1,091,936 (2018 - $1,035,010), bank debts of $10,890,042 (2018 – $4,301,066), and other liabilities of $559,931 (2018 - $434,931) are due within 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.

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

	2019	**2018**
	CAD$	CAD$
Cash	25,153	223,833
Accounts receivable	597,765	292,311
Accounts payable and accrued liabilities	(1,223,439)	(830,137)
Loans payable	(1,091,936)	(1,467,120)
Other liabilities	(434,931)	(434,931)
	(2,252,388)	(2,216,044)

A 10% (2018 - 10%) change in the US dollar against the Canadian dollar at December 31, 2019 would result in a change of approximately $173,000 (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.

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 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.

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

As at January 1, 2019, the Company had a lease agreement for its premises in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized $82,361 for an ROU asset and $82,361 for a lease liability. During the year ended December 31, 2019, the Company early terminated the lease agreement and derecognized the ROU asset and lease liability.

The continuity of the ROU asset and lease liability for the year ended December 31, 2019 is as follows:

Right-of-use asset		
Right-of-use asset recognized January 1, 2019	$	82,361
Depreciation		(49,416)
Derecognition		(32,945)
Balance, December 31, 2019	**$**	**-**

Lease liability		
Lease liability recognized January 1, 2019	$	82,361
Lease payments		(59,348)
Lease interest		3,581
Derecognition		(26,594)
Balance, December 31, 2019	**$**	**-**

7. EQUIPMENT

	Office Furniture	**Computer Hardware**	**Total**
COST			
Balance, December 31, 2017	$ -	$ -	$ -
Additions	112,910	24,656	137,566
Impact of foreign exchange	4,024	1,961	5,985
Balance, December 31, 2018	$ 116,934	$26,617	$143,551
Additions	1,385	-	1,385
Impairment	(113,935)	(26,036)	(139,971)
Impact of foreign exchange	(4,384)	(581)	(4,965)
Balance, December 31, 2019	$ -	$ -	$ -
ACCUMULATED AMORTIZATION			
Balance, December 31, 2017	$ -	$ -	$ -
Charge for the year	22,582	4,931	27,513
Balance, December 31, 2018	$ 22,582	$ 4,931	$ 27,513
Charge for the year	23,039	5,207	28,246
Impairment	(45,128)	(10,030)	(55,158)
Impact of foreign exchange	(493)	(108)	(601)
Balance, December 31, 2019	$ -	$ -	$ -
CARRYING VALUE			
December 31, 2018	$ 94,352	$21,686	$ 116,038
December 31, 2019	$ -	$ -	$ -

8. INTANGIBLE ASSETS

On October 5, 2016, pursuant to a consulting agreement with Stella 3000 Ltd. ("Stella"), the Company issued 133,333 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.

In addition, during the year ended December 31, 2018, the Company acquired various intangible assets pursuant to the acquisition of 495 Communications, LLC and ImpressionX Inc. (note 20).

In 2019, primarily as a result of the Company's deterioration of its revenues for its advertising and content marketing business, management determined the carrying value of intellectual property, customer relationships, trademarks and patent intangible assets exceeded its estimated fair value. In measuring fair value, the Company used a discounted cash flow model but determined it could not reliably estimate future revenue streams. The Company compared the indicated fair value using level 3 assumptions to the carrying value of its indefinite-lived assets, and as a result of the analysis, an impairment charge of $10,468,597 was recorded to write down its intangible assets for the year ended December 31, 2019.

	Intellectual Property	Customer Relationships	Trademarks	Patents	Total
COST					
Balance, December 31, 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
Additions	-	-	-	26,900	26,900
Impact of foreign exchange	(3,584)	(369,264)	(79,046)	(35,904)	(487,798)
Balance, December 31, 2019	$ 80,680	$ 8,311,965	$ 1,779,280	$ 821,683	$10,993,608
ACCUMULATED AMORTIZATION / IMPAIRMENT					
Balance, December 31, 2017	$ 8,334	$ -	$ -	$ -	$ 8,334
Amortization 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
Amortization for the year	8,243	424,590	90,889	103,741	627,463
Impairment	57,878	8,035,610	1,720,123	654,986	10,468,597
Impact of foreign exchange	(2,109)	(180,537)	(38,647)	(28,974)	(250,267)
Balance, December 31, 2019	$ 80,680	$ 8,311,965	$ 1,779,280	$ 821,683	$10,993,608
CARRYING VALUE					
December 31, 2018	$ 67,596	$ 8,648,927	$1,851,411	$ 738,757	$11,306,691
December 31, 2019	$ -	$ -	$ -	$ -	$ -

9. PROMISSORY NOTES

In December 2015 and 2016, the Company entered into a loan agreement with a group of lenders who are third party lenders, issuing promissory notes for gross proceeds of $750,000, with an original term of one year, subsequently extended to January 2018, and interest of 24% per annum is payable on a monthly basis. In addition, the lenders received 125,000 special warrants 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 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 125,000 warrants of the Company, exercisable up to December 21, 2020 at an exercise price of $0.25 per share.

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 would receive varies depending on whether the RTO occurs, the warrants were accounted for as derivative liabilities and fair valued at each statement of financial position date.

Upon completion of the RTO, the special warrants converted into 125,000 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 loss during the year ended December 31, 2018. The Company estimated the fair value of the warrants to be $148,562 (note 12 (c)) 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%

10. BRIDGE FINANCING PAYABLE

In 2017, the Company entered into a Bridge Financing Agreement (the “Bridge Financing”) for issuance of up to 844,820 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 $0.90 per warrant. The convertible notes are unsecured, have a term of five years and an interest rate of 10% per annum.

The total amount raised from the Bridge Financing was $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, 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	$	-

The Company recorded $nil (2018 - $796) in accretion expense during the year ended December 31, 2019.

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 $0.50 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.

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, 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, 2019

36,250 options were exercised at a price of $2.00 per option for proceeds of $72,500, and 177,060 options were exercised at a price of $2.50 per option for proceeds of $442,651.

21,333 warrants were exercised at a price of $3.46 per warrant for proceeds of $73,812.

On July 15, 2019, the Company completed a private placement for gross proceeds of $2,117,500 through the issuance of 1,058,750 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 $3.50 per share.

The Company paid $195,625 cash commission and issued 12,500 units at $2.00 as corporate finance fees and issued 52,838 agents' options to purchase common shares at $2.00 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 arrangement with GLN (note 1) and deemed issued 400,000 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 3,675,762 shares for gross proceeds of $9,200,000. The Company paid $1,245,974 cash commission and issued 254,506 agents' options to purchase common shares at $2.50 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 844,820 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 $3.50 per share.

On March 7, 2018, the Company completed a private placement for gross proceeds of $250,000 through the issuance of 100,000 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 13,446 common shares at a price of $3.80 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, 4,500 warrants were exercised at a price of $1.875 per warrant for proceeds of $8,438.

During the year ended December 31, 2018, 89,711 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.

(c) Warrants

On January 26, 2018, 125,000 special warrants were converted into 125,000 warrants of the Company at an exercise price of $1.875 per share for five years (note 9).

During the year ended December 31, 2018, the Company issued 65,000 warrants with an exercise price of $3.40 to an advisor as a finders' fee, and 291,462 warrants with an exercise price of $1.836 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.

During the year ended December 31, 2019, the Company issued 119,075 warrants with an exercise price of $3.66 and 219,196 warrants with an exercise price of $1.94 to the previous owners of ImpressionX as performance earn-outs (note 20).

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2017	125,000	$ 1.25
Issued	903,871	2.70
Converted	(125,000)	1.25
Exercised	(4,500)	1.88
Outstanding, December 31, 2018	899,371	$ 2.70
Issued	873,896	3.13
Exercised	(21,333)	3.46
Outstanding, December 31, 2019	1,751,934	$ 2.92

The following warrants were outstanding at December 31, 2019:

Grant Date	**Expiry Date**	**Exercise Price**	**Number of Warrants**	**Exercisable**
January 26, 2018	January 26, 2023	$ 1.88	120,500	120,500
December 18, 2018	December 18, 2020	$ 3.40	65,000	65,000
December 18, 2018	December 18, 2023	$ 1.84	291,462	-
January 26, 2018	January 26, 2020	$ 3.46	401,076	401,076
July 15, 2019	July 15, 2021	$ 3.50	535,625	535,625
July 22, 2019	July 22, 2021	$ 3.66	119,075	119,075
July 22, 2019	July 22, 2021	$ 1.94	219,196	219,196
			1,751,934	1,460,472

The weighted average contractual life of warrants as at December 31, 2019 is 1.97 years (December 31, 2018 - 2.80 years).

Some of the Company's warrants with a $CAD exercise price have been recognized as a derivative liability given the functional currency of the Company is the US$, 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, 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
Warrants issued for earn-out		554,449
Change in fair value of derivative liability		(1,037,256)
Functional currency translation adjustment		(23,610)
Balance, December 31, 2019	$	48,641

The fair value of the derivative liabilities as at December 31, 2019 was determined using the following assumptions:

- Risk-free interest rate 1.68%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Weighted-average estimated volatility 125%

(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	1,052,506		2.30
Outstanding, December 31, 2018	1,052,506	$	2.30
Options Exercised	(213,310)		2.42
Forfeited	(346,500)		2.22
Expired	(38,750)		2.00
Granted	52,838		2.00
Outstanding, December 31, 2019	506,784	$	2.30

The Company issued 254,506 finders' options in connection with the private placement in January 2018. All finders' options are exercisable at $2.50 per share until January 26, 2020 (note 19).

On January 30, 2018, the Company granted 552,500 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 $2.50 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%.

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 170,500 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 $1.50 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%

During the year ended December 31, 2018, the Company also granted 75,000 replacement stock options to Exito shareholders (note 19). The options expire on January 26, 2019 which is one year after the Transaction closed.

On July 15, 2019, the Company granted 52,838 agent’s options in connection with the private placement. All agent's options are exercisable at $2.00 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%

For the year ended December 31, 2019, the Company recognized share-based compensation of $212,161 (2018 - $889,817) relating to the stock options that vested during the period.

During the year ended December 31, 2019, 36,250 options were exercised at $2.00 per share for gross proceeds of $72,500 and 177,060 options were exercised at a price of $2.50 per option for proceeds of $442,651. The remaining 38,750 options expired unexercised on January 26, 2019. The weighted average market price on the date of exercise for these options was $2.00.

The following options were outstanding at December 31, 2019:

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
January 26, 2018	January 26, 2020	$ 2.50	77,446	77,446
January 30, 2018	January 30, 2023	$ 2.50	302,500	302,500
December 18, 2018	December 31, 2023	$ 1.50	74,000	74,000
July 15, 2019	July 15, 2021	$ 2.00	52,838	52,838
			506,784	506,784

The weighted average contractual life for the remaining options as at December 31, 2019 is 2.60 years (December 31, 2018 - 3.22 years).

13. INCOME TAXES

As at December 31, 2019, the Company has non-capital losses of approximately $23,361,000 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		2,614,000
2038		73,000
2039		16,636,000
	$	23,361,000

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, 2019 and 2018 are presented below:

		2019		2018
Deferred income tax assets	$	-	$	-
Deferred income tax liabilities				
Intangibles acquired through business combinations		-		(2,815,494)
Deferred income tax assets and liabilities, net	$	-	$	(2,815,494)

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

		2019		2018
Equipment	$	196,422	$	90,370
Share issue costs		904,507		1,006,175
Intangible assets		933,448		-
Derivative liability		54,674		-
Non-capital losses carried forward		23,361,196		7,894,485
Unrecognized deductible temporary differences	$	25,450,247	$	8,991,030

Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 27.00% (2019 – 27.00%) to loss before income taxes. The reasons for the differences are as follows:

		2019		2018
Income (loss) before tax	$	(24,894,255)	$	(2,264,855)
Statutory tax rate		27%		27%
Expected income tax benefit		(6,721,449)		(611,511)
Permanent differences		79,242		177,518
Change in timing difference		(17,916)		411,921
Unrecognized benefit of deferred tax assets		3,586,369		2,974,312
Other adjustments for tax purposes		258,260		(88,156)
Effect of change in tax rates		-		(48,589)
	$	(2,815,494)	$	2,815,494

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019, the Company paid wages and benefits of $476,298 (2018 - $469,548), listing bonus and transaction costs of $nil (2018 - $272,121) and share-based compensation of $63,092 (2018 - $254,011) to companies controlled by directors/officers and family members of directors/officers. In 2018, the Company acquired certain patents from a company controlled by an officer of the Company in the amount of $625,000, which remains unpaid as at December 31, 2019 and is included in accounts payable and accrued liabilities.

At December 31, 2019, included in accounts payable and accrued liabilities was $33,555 (December 31, 2018 - $413) owing to officers and directors. Included in accounts receivable is $Nil (December 31, 2018 - $137,908) 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, 2019 and 2018 were as follows:

		2019		2018
Salaries and short-term employee benefits	$	1,077,021	$	1,086,249
Listing bonus and transaction costs	$	-	$	942,355
Share-based compensation	$	107,328	$	334,038

15. IMPAIRMENTS AND WRITE-OFFS

The Company has impaired and written off the following during the year ended December 31, 2019:

		2019		2018
Intangible assets (note 8)	$	10,468,597	$	-
Goodwill related to 495 (note 20)		7,792,864		-
Goodwill related to ImpressionX (note 20)		2,292,733		-
Office equipment and software (note 7)		84,812		-
Dissolution of ImpressionX		1,040,732		-
Change in fair value of contingent consideration				
495 (note 20)		(8,952,900)		-
ImpressionX (note 20)		(2,467,146)		-
Total	$	10,259,692	$	-

16. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: digital branding and advertising. As at December 31, 2019, the Company's long-term assets located in United States are fully impaired. 100% of its revenues are earned from United States customers.

Significant Customers - During the year ended December 31, 2019, one customer have sales exceeding 10% of the Company's annual revenues for a combined total of $1,257,703. 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.

17. OTHER LIABILITIES AND CONTINGENCIES

		2019		2018
Legal fees - others	$	434,931	$	434,931
Settlement of Lerna and Lernalabs		75,000		-
Obligation to issue shares		50,000		-
	$	559,931	$	434,931

Lerna and Lernalabs

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 had a term of one year and interest of 24% per annum.

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 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.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile acquisition, 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.

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.

During the year ended December 31, 2018, the Company paid cash of $1,020,440 to settle all the amounts owing to Lerna and Lernalabs under these loan arrangements. During the year ended December 31, 2018, the Company incurred $159,776 in legal fees in connection with the repayment of the promissory notes.

In July 2019, the Company entered into a settlement agreement with Lerna and Lernalabs. pursuant to which the Company agreed to pay to Lerna and Lernalabs the sum of US $650,000 in full and final settlement, to be paid in deferred instalments with the final payment due December 19, 2019. The Company made the first instalment payment of US $100,000 during the year ended December 31, 2019 but failed to make additional payments and was therefore subject to an interest penalty of US $100,000. As at December 31, 2019, the amount of $851,695 (US $650,000) remains payable. On January 20, 2020, the Company entered into an amended settlement agreement with Lerna and Lernalabs pursuant to which the Company agreed to issue 750,000 common shares to

Lerna and Lernalabs in full settlement of the amount owing of $851,695. In addition, a further 185,000 common shares owned by an officer of the Company were transferred to another officer of the Company. The fair value of the 750,000 common shares was determined to be $75,000. The liability as at December 31, 2019 was reduced to $75,000.

As at December 31, 2019, 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 2019 is as follows: Current asset of $1,027 (2018 - $1,072), current liabilities of $217,063 (2018 - $229,206), and net income of $2,445 (2018 – loss of $201,736) with non-controlling interests of $978 (2018 - $80,694).

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 (400,000 shares x 2.50/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 75,000 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 $2.50 per 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 – 2.50/share, exercise price – $2.00, 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
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.

Developments in 2019

In 2019, primarily as a result of the Company's deterioration of its revenues for its advertising and content marketing business related to the business of 495, management determined the carrying value of intangible assets and goodwill resulting from the acquisition of 495 exceeded their estimated fair value (refer to note 8). In measuring the recoverable value of goodwill, the Company used a discounted cash flow model but determined it could not reliably estimate future revenue streams. The Company compared the indicated fair value using level 3 assumptions to the carrying value of goodwill, and as a result of the analysis, an impairment charge of $7,792,864 was recorded to write down goodwill for the year ended December 31, 2019.

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 estimated the fair value of the contingent consideration to be $nil and reversed the amount of $8,952,899, with a foreign exchange effect of $101,639 (note 15).

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, 2019;
(iii) A performance earn-out of up to US $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 US $2,600,000 in warrants for the 2-year period following the closing date; and
(v) 291,462 warrants with an exercise price of $1.836 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 $1.95, 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.

Developments in 2019

In 2019, primarily as a result of the Company's deterioration of its revenues for its advertising and content marketing business related to the business of ImpressionX, management determined the carrying value of intangible assets and goodwill resulting from the acquisition of ImpressionX exceeded their estimated fair value (refer to note 8). In measuring the recoverable value of goodwill, the Company used a discounted cash flow model but determined it could not reliably estimate future revenue streams. The Company compared the indicated fair value using level 3 assumptions to the carrying value of goodwill, and as a result of the analysis, an impairment charge of $7,792,864 was recorded to write down goodwill for the year ended December 31, 2019.

During 2019, certain performance benchmarks related to the earn-outs were achieved and as a result, the Company paid cash of $234,005 and issued warrants with a fair value of $554,449. Management determined that the probability of reaching the remaining performance benchmarks and paying the potential earn-outs has been reduced to a nominal amount. Accordingly, the Company estimated the fair value of the contingent consideration to be $nil and reversed the amount of $2,467,146 (note 15).

During the year ended December 31, 2018, 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, 2019, the Company recognized a foreign currency translation adjustment on goodwill of nil (2018 – $115,814).

21. DEPOSITS

During the year ended December 31, 2019, the Company paid deposits amounting to nil (2018 – $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, 2019, the Company expensed $2,004,502 (2018 - $614,000) for research services were rendered.

22. BANK DEBT

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

The first credit facility amounted to $5,000,000 with $3,682,520 drawn down as at December 31, 2018 ("First Facility"). The First Facility is due on demand and represents a general operating line 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 $5,000,000 or USD equivalent, with USD $3,705,124 drawn as at December 31, 2018. This is a revolving term facility ("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 US $840,495 drawn as at December 31, 2018. This is a revolving term facility ("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, 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.

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.

Interest paid during the year $609,728 (2018 - $nil) towards the credit facilities.

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 EBITDA ratio equal to or less than 4.00:1 at closing, stepping down to 3.50:1 by fiscal year ending December 31, 2019, stepping down to 3.00 by fiscal year ending December 31, 2019 and maintained all times.

During the year ended December 31, 2018, the Company paid a $45,000 commitment fee in relation to the facilities, which was recorded as a deferred financing cost. The amount has been fully recognized during the year ended December 31, 2019.
During the year ended December 31, 2019, the Company was not in compliance with the above covenants and in addition failed to make the scheduled payments under the Facilities. On November 5, 2019, the Company entered into a restructuring agreement with the Bank to consolidate the Facilities into two Canadian dollar loans (the "Restructured Loans") pursuant to which the Bank agreed to defer enforcement of the security until November 5, 2021 (the "Maturity Date"), as follows;

	2019	2018
First Facility	$ -	$ 3,682,520
Second Facility	-	5,026,000
Third Facility	-	1,139,616
Fourth Facility	-	-
Loan A	3,000,000	-
Loan B	7,754,619	-
Accrued interest	135,423	-
Deferred financing fee	-	(45,000)
	10,890,042	9,848,136
Less: current portion	(10,890,042)	(4,301,066)
Long term portion	$ -	$ 5,502,070

Loan A bears interest at a rate of prime per annum with interest payable monthly. The Company must repay 50% of interest accrued in cash monthly, with the remaining 50% payable on the Maturity Date. Loan A is fully repayable on the Maturity Date.

Loan B bears interest at a rate of prime plus 5% per annum with interest payable monthly. Interest in accrued and becomes payable on the Maturity Date. Loan B repayments are due as follows;

i. USD $300,000 no later than September 23, 2020;
ii. USD $50,000 no later than December 31, 2020;
iii. USD $600,000 no later than September 23, 2021; and
iv. The remaining balance of principal and interest on the Maturity Date

The borrowing conditions outlined in the Restructured Loan agreement requires the Company to submit monthly, quarterly and other financial information to the Bank. The Restructured Loan agreement incorporates incentives to reduce the amount repayable to the Bank.

The Company is not in compliance with the above covenants at December 31, 2019. Accordingly, the entire bank debt balance has been classified as current liability.

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. The outstanding balance is $1,091,936, including interest payable of $56,926 as at December 31, 2019 (December 31, 2018 - $1,035,010). The outstanding loan has been fully settled subsequently (note 30).

24. LOSS PER SHARE

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

		2019		2018
Net loss for the year	$	(24,894,255)	$	(2,264,855)
Basic and diluted weighted average number of common shares outstanding		8,392,194		7,292,043
Basic and diluted loss per share	$	(2.97)	$	(0.31)

25. GENERAL AND ADMINISTRATIVE EXPENSES

		2019		2018
Office, software and general	$	674,084	$	948,137
Accounting, legal and audit		698,467		145,208
Consulting		1,310,719		721,138
Management fees		841,469		842,681
Insurance		66,454		41,465
Rental		171,777		157,308
Travel		552,901		286,621
Wages and salaries		1,404,408		612,314
Total	$	5,720,279	$	3,754,872

26. GAIN ON DEBT SETTLEMENT

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 loss.

During the year ended December 31, 2019, the Company settled payable amounts with ImpressionX former owners, resulting in a gain of $855,135 recognized in the consolidated statement of comprehensive loss.

27. BAD DEBTS

During the year ended December 31, 2019, the Company recognized net bad debts of $10,227,552 in the consolidated statements of comprehensive loss. The amount includes uncollectable trade receivables of $14,790,502, offsetting by related $4,562,950 trade payables that the Company is not liable for.

28. SETTLEMENT ON CONTRACT FEES

During the year ended December 31, 2019, the Company recognized a contract settlement fees of $656,470 for breaking the contract with a third party for digital advertising and marketing platform development. As at December 31, 2019, $505,333 is still outstanding.

29. SUPPLEMENTAL CASH FLOW DISCLOSURE

		2019		2018
Additional Information				
Accounts receivable written off to bad debts	$	14,790,502	$	-
Accounts payable and accrued liabilities written off to bad debts	$	4,562,950	$	-
Shares issued for debt settlement	$	-	$	147,482
Gain on settlement of accounts payable	$	855,135	$	243,506
Intangible asset additions included in accounts payable	$	-	$	625,000
Bridge financing interest payable converted into units	$	-	$	78,454
Interest paid on bank debt	$	609,528	$	-
Interest paid on promissory note	$	-	$	142,867

30. SUBSEQUENT EVENTS

(a) On June 15, 2020, the Company entered into a non-binding letter of intent ("LOI") to enter into a commercial agreement to utilize a leading Esports betting platform. The LOI gives the Company exclusive use of the platform in Canada and non-exclusive use in the rest of the world.

(b) On June 15, 2020, the Company announced its plan to complete a non-brokered private placement offering of up to a maximum of 2,500,000 units of the Company (on a post-consolidation basis), at a price of $1.00 per unit to raise gross proceeds of up to $2,500,000. Each unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder, on exercise thereof, to purchase on additional common share of the Company at a price of $1.50 per share for a period of 24 month from the completion of the private placement.

(c) On June 12, 2020, the Company completed the debt settlements of an aggregate of $548,878 in outstanding debt with four arm's length creditors through the issuance of 219,551 common shares.

(d) On April 24, 2020, the Company entered into a mutual release agreement with the former owner of 495 in full settlement of outstanding loan payable of $1,035,010. Pursuant to the agreement, the Company agreed to pay the seller the equivalent of USD $125,000 in four installments: $25,000 by June 1, 2020 (paid); $25,000 by September 1, 2020; $25,000 by December 1, 2020 and $50,000 by March 1, 2020, together with the issuance of 150,000 common shares at a deemed price of $0.50 (equating to $75,000) upon the approval of the TSX Venture Exchange.

(e) On January 20, 2020, the Company entered into a settlement agreement with Lerna and Lernalabs in full settlement of outstanding debts of $851,695. Pursuant to the agreement, the Company agreed to issue 750,000 common shares to Lerna and Lernalabs. In addition, a further 185,000 common shares owned by an officer of the Company were transferred to another officer of the Company (note 17).

(f) Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.