

**HeyBryan Media Inc.**

Condensed Interim Consolidated Financial Statements

For the Nine-Month Period Ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying condensed interim consolidated financial statements of HeyBryan Media Inc. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

**HeyBryan Media Inc.**

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	September 30, 2019 \$	December 31, 2018 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	538	105,706
Amounts receivable (Note 4)	175,886	72,353
Prepaid expenses (Note 5 and 8)	71,566	97,662
<b>Total current assets</b>	<b>247,990</b>	275,721
Property and equipment (Note 6)	19,901	1,241
Intangible assets (Note 7)	4,666,343	4,682,345
<b>Total assets</b>	<b>4,934,234</b>	4,959,307
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	910,528	846,007
Due to related parties (Note 8)	55,310	3,843
Loans payable (Note 9)	55,500	–
Lease liability (Note 10)	16,424	–
Convertible debentures, net of a discount of \$431 (Note 11)	359,569	–
<b>Total liabilities</b>	<b>1,397,331</b>	849,850
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	6,534,328	5,133,490
Equity reserves	1,294,252	792,140
Subscription received	–	2,500
Deficit	(4,291,677)	(1,818,673)
<b>Total shareholders' equity</b>	<b>3,536,903</b>	4,109,457
<b>Total liabilities and shareholders' equity</b>	<b>4,934,234</b>	4,959,307

Nature of operations and continuance of business (Note 1)

Subsequent event (Note 19)

Approved and authorized for issuance on behalf of the Board of Directors on November 21, 2019:

/s/ "Penny White"

Penny White, Director

/s/ "Michael Stulp"

Michael Stulp, Director

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

**HeyBryan Media Inc.**

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

**HeyBryan Media Inc.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue	<b>6,984</b>	–	<b>11,616</b>	–
Expenses				
Advertising and promotion	<b>125,725</b>	7,495	<b>209,387</b>	7,495
Amortization of intangible assets (Note 7)	<b>108,646</b>	–	<b>305,377</b>	–
Consulting fees (Note 8 and 18)	<b>183,662</b>	99,350	<b>691,057</b>	174,350
Depreciation (Note 6)	<b>8,512</b>	–	<b>19,931</b>	–
General and administrative (Note 11)	<b>36,061</b>	2,807	<b>95,068</b>	3,021
Professional fees	<b>80,578</b>	24,657	<b>225,915</b>	24,657
Rent	<b>3,334</b>	1,250	<b>13,008</b>	1,250
Royalties (Note 18)	<b>6,529</b>	–	<b>19,588</b>	–
Salaries and wages (Note 8)	<b>172,013</b>	–	<b>389,082</b>	–
Share-based compensation (Note 14)	<b>105,475</b>	16,747	<b>491,490</b>	16,747
Travel	<b>6,292</b>	–	<b>24,717</b>	–
Total expenses	<b>(836,827)</b>	(152,306)	<b>(2,484,620)</b>	(227,520)
Net loss and comprehensive loss for the period	<b>(829,843)</b>	(152,306)	<b>(2,473,004)</b>	(227,520)
Loss per share, basic and diluted	<b>(0.01)</b>	(0.01)	<b>(0.04)</b>	(0.01)
Weighted average shares outstanding	<b>62,926,200</b>	17,321,814	<b>61,760,427</b>	17,321,814

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

**HeyBryan Media Inc.**

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Share capital		Equity reserves \$	Subscriptions received \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$				
Balance, December 31, 2017	7,500,000	37,500	–	–	(63,891)	(26,391)
Issuance of units for cash	20,053,000	1,902,000	–	(3,000)	–	1,899,000
Issuance of units for settlement of debt	12,500,000	62,500	–	–	–	62,500
Issuance of units for finders' fee	5,000,000	100,000	–	–	–	100,000
Issuance of units for acquisition Fasttask Inc.	1,200,000	300,000	65,230	–	–	365,230
Issuance of units for acquisition HeyBryan Inc.	8,000,000	2,000,000	434,869	–	–	2,434,869
Share-based compensation	–	–	16,747	–	–	16,747
Net loss for the period	–	–	–	–	(227,520)	(227,520)
<b>Balance, September 30, 2018</b>	<b>54,253,000</b>	<b>4,402,000</b>	<b>516,846</b>	<b>(3,000)</b>	<b>(291,411)</b>	<b>4,624,435</b>
Balance, December 31, 2018	57,292,200	5,133,490	792,140	2,500	(1,818,673)	4,109,457
Issuance of units for cash	3,114,000	778,500	–	(2,500)	–	776,000
Share issuance costs	–	(7,662)	1,362	–	–	(6,300)
Issuance of units for settlement of debt	2,520,000	630,000	–	–	–	630,000
Issuance of convertible debentures	–	–	9,260	–	–	9,260
Share-based compensation	–	–	491,490	–	–	491,490
Net loss for the period	–	–	–	–	(2,473,004)	(2,473,004)
<b>Balance, September 30, 2019</b>	<b>62,926,200</b>	<b>6,534,328</b>	<b>1,294,252</b>	<b>–</b>	<b>(4,291,677)</b>	<b>3,536,903</b>

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

**HeyBryan Media Inc.**

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Nine months ended September 30, 2019 \$	Nine months ended September 30, 2018 \$
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Operating activities		
Net loss for the period	<b>(2,473,004)</b>	(227,520)
Items not involving cash:		
Accretion of discount on convertible debentures	<b>13,829</b>	–
Amortization of intangible assets	<b>305,377</b>	–
Depreciation	<b>19,931</b>	–
Interest expense on lease liability	<b>645</b>	–
Share-based compensation	<b>491,490</b>	16,747
Changes in non-cash operating working capital:		
Amounts receivable	<b>(103,533)</b>	(21,056)
Prepaid expenses	<b>26,096</b>	1,717
Accounts payable and accrued liabilities	<b>514,396</b>	50,775
Due to related parties	<b>(1,533)</b>	36,149
Net cash used in operating activities	<b>(1,206,306)</b>	(143,188)
<hr/>		
Investing activities		
Acquisition-related costs	–	(31,994)
Cash acquired on acquisition of Fasttask Inc.	–	26,241
Cash paid out on acquisition of HeyBryan Inc.	–	(1,000,000)
Development expenditures incurred on HeyBryan app	<b>(109,250)</b>	(9,125)
Loans provided to Fasttask Inc. prior to acquisition	–	(550,000)
Purchase of equipment	<b>(3,369)</b>	–
Net cash used in investing activities	<b>(112,619)</b>	(1,564,878)
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Financing activities		
Net proceeds from the issuance of units	<b>769,700</b>	1,899,000
Net proceeds from the issuance of convertible debentures	<b>355,000</b>	–
Proceeds from loans payable	<b>55,500</b>	–
Proceeds from related party loans	<b>98,000</b>	–
Repayment of related party loans	<b>(45,000)</b>	–
Repayment of lease liability	<b>(19,443)</b>	–
Net cash provided by financing activities	<b>1,213,757</b>	1,899,000
Change in cash	<b>(105,168)</b>	190,934
Cash, beginning of period	<b>105,706</b>	(40)
Cash, end of period	<b>538</b>	190,894

Supplemental disclosures (Note 17)

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

## HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### 1. Nature of Operations and Continuance of Business

HeyBryan Media Inc. (the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on December 3, 2010. On May 18, 2017, the Company changed its name from Morvin Holdings Inc. to Sativio Holdings Inc. On June 28, 2018, the Company changed its name from Sativio Holding Inc. to HeyBryan Media Inc. On July 11, 2018, the Company changed its name from HeyBryan Media Inc. to Fasttask Technologies Inc. On October 18, 2018, the Company changed its name from Fasttask Technologies Inc. to HeyBryan Media Inc. The address of the Company’s corporate office and principal place of business is Suite 200, 1238 Homer Street, Vancouver B.C., V6B 2Y5.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has incurred a net loss of \$2,473,004 during the nine-month period ended September 30, 2019, and has incurred an accumulated deficit of \$4,291,677 as at September 30, 2019. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

### 2. Basis of Presentation

#### a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and based on the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2018, which include the Company’s significant accounting policies, and have been prepared in accordance with the same methods of application.

#### b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company’s management, all adjustments considered necessary for a fair presentation have been included.

#### c) Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company, HeyBryan Inc. and Fasttask Inc. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.



**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

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**2. Basis of Presentation** (continued)

## d) Significant Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of amounts receivable, the useful lives and carrying values of intangible assets, the measurement of share-based compensation, the fair value of warrants issued as compensation, and the measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the factors that are used in determining the application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

**3. Recently Adopted Accounting Standards**

The Company has adopted new accounting standard IFRS 16, *Leases*, effective for annual periods beginning on January 1, 2019. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

IFRS 16, *Leases* ("IFRS 16")

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. Effective January 1, 2019, the Company adopted this standard using the modified retrospective approach under which the cumulative effect of initial application was recognized in retained earnings at January 1, 2019. The Company did not have any lease contracts at January 1, 2019. As a result, there was no impact of the initial adoption of IFRS 16.

For contracts entered into subsequent to January 1, 2019, at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*. This replaced the previous requirement to recognize a provision for onerous lease contracts.

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

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**3. Recently Adopted Accounting Standards (continued)**

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets, and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

The Company discounts its lease liability at the Company's incremental borrowing rate.

**4. Amounts Receivable**

	September 30, 2019	December 31, 2018
	\$	\$
Trade receivable	4,923	108
GST receivable	170,963	72,245
	175,886	72,353

**5. Prepaid Expenses**

	September 30, 2019	December 31, 2018
	\$	\$
Prepaid services	52,081	82,262
Deposits	19,485	15,400
	71,566	97,662

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

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**6. Property and Equipment**

Property and equipment is comprised of the following:

	Telephone equipment \$	Office furniture \$	Right-of-use asset \$	Total \$
<b>Cost</b>				
Balance at December 31, 2018	1,241	–	–	1,241
Additions	–	3,369	35,222	38,591
Balance at September 30, 2019	1,241	3,369	35,222	39,832
<b>Depreciation and impairment losses</b>				
Balance at December 31, 2018	–	–	–	–
Additions	310	655	18,966	19,931
Balance at September 30, 2019	310	655	18,966	19,931
<b>Carrying amounts</b>				
Balance at December 31, 2018	1,241	–	–	1,241
Balance at September 30, 2019	931	2,714	16,256	19,901

**7. Intangible Assets**

Intangible assets and deferred development costs are comprised of the following:

	HeyBryan application \$	Intellectual property \$	Total \$
<b>Cost</b>			
Balance at December 31, 2018	1,070,958	3,611,387	4,682,345
Development expenditures	289,375	–	289,375
Balance at September 30, 2019	1,360,333	3,611,387	4,971,720
<b>Amortization and impairment losses</b>			
Balance at December 31, 2018	–	–	–
Additions	305,377	–	305,377
Balance at September 30, 2019	305,377	–	305,377
<b>Carrying amounts</b>			
Balance at December 31, 2018	1,070,958	3,611,387	4,682,345
Balance at September 30, 2019	1,054,956	3,611,387	4,666,343

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

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**8. Related Party Transactions**

- a) During the nine months ended September 30, 2019, the Company incurred salary and wages of \$96,250 (2018 - \$nil) to the Chief Executive Officer (“CEO”) of the Company. As at September 30, 2019, the Company owed \$35,310 (December 31, 2018 - \$3,563) to the CEO of the Company, and former owner of HBI and Fasttask, for loans provided to the Company and for expenses paid on behalf of the Company. The balance is unsecured, non-interest bearing and due on demand.
- b) During the nine months ended September 30, 2019, the Company incurred consulting fees of \$nil (2018 - \$112,500) to a Director and former President and CEO of the Company. As at September 30, 2019, the Company owed \$20,000 (December 31, 2018 - \$280) to the Director and former President and CEO of the Company for loans provided to the Company. The balance is unsecured, non-interest bearing and due on demand.
- c) During the nine months ended September 30, 2019, the Company incurred consulting fees of \$7,200 (2018 - \$2,400) to a Director of the Company pursuant to a Director Agreement. At September 30, 2019, the Company has prepaid director’s fees of \$nil (December 31, 2018 - \$4,800).
- d) During the nine months ended September 30, 2019, the Company incurred salaries and wages of \$70,000 (2018 - \$nil) to the Chief Technology Officer (“CTO”) of the Company.
- e) During the nine months ended September 30, 2019, the Company incurred development costs of \$289,376 (2018 - \$9,125), rent expense of \$nil (2018 - \$1,250) and consulting fees of \$291,570 (2018 - \$nil) to an affiliated company. As at September 30, 2019, the Company owed \$411,651 (December 31, 2018 - \$220,760) to the affiliated company, which is included in accounts payable and accrued liabilities. In addition, as at September 30, 2019, the Company has paid a deposit of \$10,000 (December 31, 2018 - \$10,000) to the affiliated company, which is included in prepaid expenses.
- f) During the nine months ended September 30, 2019, the Company incurred share-based compensation of \$152,482 (2018 - \$7,527) to officers and directors of the Company.

**9. Loans Payable**

- a) On August 26, 2019, the Company received a loan of \$45,000 from a third party, which is unsecured, non-interest bearing and due on demand.
- b) On September 24, 2019, the Company received a loan of \$10,500 from a third party, which is unsecured, non-interest bearing and due on demand.

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**10. Lease Liability**

On March 1, 2019, the Company entered into a lease for the provision of office space from March 1, 2019 to March 31, 2020.

	\$
Lease obligation as of March 1, 2019	36,107
Discounted using the incremental borrowing rate	(885)
Lease liability recognized as of March 1, 2019	35,222
Less: lease payments	(19,443)
Interest expense	645
Lease liability recognized as of September 30, 2019	16,424

The lease liability was discounted using the Company's incremental borrowing rate of 5%.

The Company's future minimum lease payments for the premise lease is as follows:

	\$
Fiscal year ending December 31, 2019	8,332
Fiscal year ending December 31, 2020	8,332
Total lease payments	16,664
Amounts representing interest over the term of the lease	(240)
Present value of net lease payments	16,424

**11. Convertible Debentures**

a) On June 19, 2019, the Company entered into Convertible Debenture Purchase Agreements for a total principal amount of \$110,000. The principal bears interest at 12% per annum and matures 12 months from the date of issuance of the debentures. The Company received proceeds of \$105,000, net of debt financing costs of \$5,000. Until the principal and interest are paid in full by the Company, the holder may convert any amount of the principal amount and accrued interest into units of the Company at \$0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years following the issuance of the warrant. The holder shall convert a minimum of \$10,000 of the principal amount, unless there is less than \$10,000 of the principal amount outstanding.

The present value of the convertible debentures at issuance was \$107,131, with the residual value of \$2,869 being allocated to the equity component. The debt financing costs were allocated between the liability and equity component on a proportional basis, resulting an initial discount of \$7,739, which will be recognized over the term of the loan using the effective interest rate method, and \$2,739 related to the equity component, which was recognized in equity reserves.

During the nine months ended September 30, 2019, the Company recorded accretion interest of \$5,506, which is included in general and administrative expenses, increasing the carrying value of the convertible debts to \$107,767.

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

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**11. Convertible Debentures (continued)**

- b) On July 4, 2019, the Company entered into a Convertible Debenture Purchase Agreement for a total of \$250,000. The principal bears interest at 12% per annum and matures 12 months from the date of issuance of the debenture. Until the principal and interest are paid in full by the Company, the holder may convert any amount of the principal amount and accrued interest into units of the Company at \$0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years following the issuance of the warrant. The holder shall convert a minimum of \$10,000 of the principal amount, unless there is less than \$10,000 of the principal amount outstanding.

The present value of the convertible debenture at issuance was \$243,478, with the residual value of \$6,522 being allocated to the equity component.

During the nine months ended September 30, 2019, the Company recorded accretion interest of \$8,323, which is included in general and administrative expenses, increasing the carrying value of the convertible debts to \$251,802.

**12. Share Capital**

Authorized: Unlimited number of common shares without par value

- a) On February 15, 2019, the Company issued 262,000 units at \$0.25 per unit for proceeds of \$65,500. Each unit consisted of one common share and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years. There was no value attributed to the warrant component of the unit offering. In connection with the issuance, the Company issued 25,200 brokers warrants, which are exercisable at \$1.00 for a period of 2 years and paid a finder's fee of \$6,300 in cash. The broker's warrants had a fair value of \$1,362, which was determined using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate – 1.78%, dividend yield – 0%, expected volatility – 100%, expected life – 2 years, forfeiture rate – 0%.
- b) On February 26, 2019, the Company issued 2,852,000 units at \$0.25 per unit for proceeds of \$713,000. Each unit consisted of one common share and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years. There was no value attributed to the warrant component of the unit offering.
- c) On February 26, 2019, the Company issued 2,520,000 units with a fair value of \$630,000 to settle debt of \$630,000 owing to an advisor. Each unit consisted of one common share and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years.

**13. Share Purchase Warrants**

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2018	42,357,800	1.09
Issued	5,659,200	0.90
Balance, September 30, 2019	48,017,000	1.07

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Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

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**13. Share Purchase Warrants (continued)**

As at September 30, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,500,000	1.50	June 26, 2020
2,500,000	1.50	June 27, 2020
8,540,000	0.75	July 27, 2020
4,535,000	0.75	August 31, 2020
1,978,000	0.90	September 26, 2020
9,200,000	1.00	September 28, 2020
940,000	0.90	October 17, 2020
3,750,000	1.50	October 31, 2020
443,200	0.90	November 23, 2020
721,600	0.90	December 17, 2020
1,000,000	0.90	December 21, 2020
262,000	0.90	February 15, 2021
25,200	1.00	February 15, 2021
5,372,000	0.90	February 26, 2021
6,250,000	1.50	April 30, 2021
<u>48,017,000</u>		

**14. Stock Options**

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2018	2,000,000	0.10
Granted	2,100,000	0.20
Cancelled	(20,000)	0.15
Outstanding, September 30, 2019	4,080,000	0.15
Exercisable, September 30, 2019	3,040,000	0.14

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**14. Stock Options** (continued)

Additional information regarding stock options outstanding as at September 30, 2019, is as follows:

Exercise price \$	Stock options outstanding	Stock options exercisable	Expiry date
0.25	1,000,000	500,000	March 3, 2021
0.10	500,000	500,000	July 23, 2023
0.10	1,400,000	1,400,000	September 28, 2023
0.15*	100,000	100,000	December 21, 2023
0.15	1,080,000	540,000	February 6, 2024
	4,080,000	3,040,000	

\* On February 6, 2019, the Company amended the exercise price from \$0.25 per share to \$0.15 per share. Upon modification of the stock option terms, the Company recognized additional share-based compensation of \$544.

The weighted average remaining life of options outstanding is 3.44 years.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2019, the Company recognized share-based compensation expense of \$491,490 (2018 - \$16,747) in equity reserves, of which \$152,482 (2018 - \$7,527) pertains to directors and officers of the Company. The weighted average fair value of options granted during the nine months ended September 30, 2019, was \$0.20 (2018 - \$0.19) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2019	2018
Risk-free interest rate	1.54%	2.25%
Dividend yield	0%	0%
Expected volatility	150%	150%
Expected life (years)	3.04	4.99
Forfeiture rate	0%	0%

As at September 30, 2019, there was \$56,424 of unrecognized share-based compensation related to unvested stock options.

**15. Financial Instruments and Risks**

## a) Fair Value

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2019, as follows:

	Fair Value Measurements Using			Balance, September 30, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	538	–	–	538
Convertible debentures	–	–	359,569	359,569



**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**15. Financial Instruments and Risks (continued)**

## a) Fair Value (continued)

As at September 30, 2019, the fair value of financial instruments measured on a recurring basis includes cash based on level 1 inputs, consisting of quoted prices in active markets for identical assets, and convertible debentures based on level 3 inputs, consisting of significant unobservable inputs. The fair value of all other financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

## b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

## c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

## d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

**16. Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

**17. Supplemental Disclosures**

	2019	2018
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash investing and financing activities:		
Acquisition of right-of-use asset	<b>35,222</b>	–
Units issued for settlement of debt	<b>630,000</b>	62,500
Units issued for acquisition of Fasttask Inc.	–	300,000
Units issued for acquisition of HeyBryan Inc.	–	2,000,000
Units issued for finder's fee	–	100,000
Fair value of broker warrants	<b>1,362</b>	–
Fair value of warrants issued on asset acquisitions	–	500,099

**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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Development expenditures incurred on HeyBryan App included in accounts payable and accrued liabilities	<b>231,188</b>	–
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**HeyBryan Media Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**18. Commitments**

On June 1, 2018, the Company entered into an Endorsement and License Agreement (the “Agreement”), whereby the Company receives endorsement benefits and intellectual property rights from Baeumler Productions Inc. and Bryan Baeumler. Pursuant to the Agreement, the Company is required to pay a royalty equal to the greater of 2.5% of gross bookings through the HeyBryan application, and 1/3 of the total trust and support fees charged to users by the Company. The Company also agreed to pay a minimum royalty of \$26,117 during the first 12-month period following October 1, 2018, and \$337,778 during the second and third 12-month periods following October 1, 2018. During each 12-month period thereafter, the minimum royalty amount must be mutually agreed upon by the parties and shall in no event be less than \$337,778. The Company will accrue the minimum royalty related to the first 12-month period, as it does not expect to generate sufficient gross bookings during this period which would result in the royalties being greater than the minimum royalty. On May 8, 2019, the Company entered into an amendment to the Agreement, whereby the royalty payments for the first 12-month period following October 1, 2018 would be deferred until October 1, 2019. At September 30, 2019, the Company has accrued \$26,117 (December 31, 2018 - \$6,530) of royalties, which is included in accounts payable and accrued liabilities.

On February 1, 2019, the Company entered into a Strategic Advisory Agreement with Cor Capital Inc. (“Cor Capital”) to assist in its capital market and business development initiatives. Under the Strategic Advisory Agreement, Cor Capital agreed to provide information, introductions to institutional investors and advice with respect to capital structure and financing in preparation for and in connection with the Company’s initial public offering (the “Services”). Cor Capital began providing the Services as of July 1, 2018. Under the Strategic Advisory Agreement, the Company agreed to pay a fee of \$600,000 plus \$30,000 on account of GST for the Services rendered from July 1, 2018 to February 1, 2019 payable by the issuance of 2,520,000 units, such units valued at \$0.25 per unit and each consisting of one common share and one common share purchase warrant exercisable at a price of \$0.90 per common share for a period of 24 months from the date of issuance. The Company also agreed to grant 1,000,000 options to Cor Capital within 30 days of the Strategic Advisory Agreement. Such options have been granted with an exercise price of \$0.25 for a period of 24 months from the date of issuance. Further, in the event Cor Capital introduces the Company to investors who subscribe for securities in the Company (a “Private Placement”) after February 1, 2019, the Company agreed to pay Cor Capital for the introduction, an additional consulting fee in cash equal to 10% of the gross proceeds to the Company of the Private Placement. At September 30, 2019, the Company has accrued consulting fees of \$nil (December 31, 2018 – \$514,286) for Cor Capital related to the Strategic Advisory Agreement.

**19. Subsequent Event**

On October 2, 2019, the Company completed its initial public offering (the “IPO”) of 8,355,983 units at \$0.30 per unit for gross proceeds of \$2,506,795. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.50 until December 2, 2019, and at \$1.00 thereafter until October 2, 2021. In connection with the IPO, the Company paid a cash commission of \$250,679, a corporate finance fee of \$26,250, other share issuance costs of \$30,834 and issued 835,598 compensation units. Each compensation unit consists of one common share and one common share purchase warrant exercisable at \$0.50 until October 2, 2021.