GOOD LIFE NETWORKS INC.

Consolidated Financial Statements
December 31, 2017 and 2016
(Expressed in Canadian Dollars)

Index	**Page**
Independent Auditors' Report to the Shareholders	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	2
Consolidated Statements of Comprehensive Income (Loss)	3
Consolidated Statements of Changes in Shareholders' Deficiency	4
Consolidated Statements of Cash Flows	5
Notes to the Consolidated Financial Statements	6 – 30

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GOOD LIFE NETWORKS INC.

We have audited the accompanying consolidated financial statements of Good Life Networks Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Good Life Networks Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

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April 24, 2018

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GOOD LIFE NETWORKS INC.
Consolidated Statements of Financial Position
December 31, 2017 and 2016
(Expressed in Canadian Dollars)

		2017		2016
Assets (note 9)				
Current				
Cash	$	15,468	$	46,917
Accounts receivable (note 14)		9,652,926		925,334
GST receivable		100,906		65,131
Prepaids		5,000		13,770
		9,774,300		1,051,152
Intangibles (note 8)		58,333		66,667
	$	9,832,633	$	1,117,819
Liabilities				
Current				
Accounts payable and accrued liabilities (note 14)	$	7,854,180	$	2,448,709
Interest payable (notes 9, 10, and 11)		266,824		92,798
Promissory notes (note 9)		750,000		750,000
Convertible debentures (note 11)		118,427		-
Bridge financing payable (note 10)		-		80,861
Loan payable		25,000		-
Share subscriptions received (note 12)		91,283		-
Other liabilities (note 17)		1,455,371		1,435,047
		10,561,085		4,807,415
Bridge Financing Payable (note 10)		1,299,292		-
Convertible Debentures (note 11)		-		115,201
Derivative Liability (note 9)		234,000		-
		12,094,377		4,922,616
Shareholders' Deficiency				
Share Capital (note 12)		7,087,362		7,087,362
Share Subscriptions Receivable (note 12)		-		(12,000)
Convertible Debentures – Equity Component (notes 10 and 11)		209,463		16,136
Reserves (note 12)		140,218		140,218
Deficit		(9,640,753)		(11,036,513)
Equity Attributable to Owners of the Company		(2,203,710)		(3,804,797)
Non-Controlling Interest		(58,034)		-
		(2,261,744)		(3,804,797)
	$	9,832,633	$	1,117,819

Approved on behalf of the Board:

"Jesse Dylan" .... Jesse Dylan, Director

"Cliff Dumas" .... Cliff Dumas, Director

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

GOOD LIFE NETWORKS INC.

Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
Revenue	$ 9,723,075	$ 2,571,311
Direct Expenses		
Adserver and platform	5,338,701	192,114
Media buys	49,704	1,897,402
	5,388,405	2,089,516
Gross Profit	4,334,670	481,795
Operating Expenses		
Accounting, legal and audit (note 14)	294,064	360,082
Accretion and interest (notes 10, 11 and 17)	436,301	282,156
Advertising, promotion and marketing	76,122	4,075
Amortization (note 7)	8,334	7,168
Bad debts	148,900	35,031
Consulting fees (note 14)	1,202,367	1,513,799
Financing fees (note 10)	-	45,335
Insurance	22,456	5,876
Management fees (note 14)	300,000	300,000
Meals and entertainment	61,544	41,384
Office, software and general	88,590	201,404
Production and broadcasting	3,175	8,950
Rental	67,338	119,670
Telecommunications	10,564	15,630
Travel	93,964	71,104
Wages and salaries (note 14)	292,131	272,840
	3,105,850	3,284,504
Operating Income (Loss)	1,228,820	(2,802,709)
Interest income	-	1,159
Foreign exchange expense	(150,520)	(187,015)
Gain on forgiveness of debts	427,254	-
Loss on disposal of equipment (note 7)	-	(12,127)
Fair value change of derivative liability (note 9)	(234,000)	-
Income (Loss) Before Income Tax	1,271,554	(3,000,692)
Deferred income tax recovery (notes 10 and 13)	66,172	-
Net Income (Loss) and Comprehensive Income (Loss) for the Year	$ 1,337,726	$ (3,000,692)
Comprehensive Income (Loss) Attributed to:		
Owners of the Company	$ 1,395,760	$ (3,000,692)
Non-controlling interest	(58,034)	-
	$ 1,337,726	$ (3,000,692)
Basic and Diluted Loss Per Share	$ 0.01	$ (0.04)
Weighted Average Number of Common Shares Outstanding	100,187,122	84,185,497

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

GOOD LIFE NETWORKS INC.

Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Share Capital								
	Number	**Amount**	**Share Subscriptions Receivable**	**Convertible Debentures – Equity Component**	**Reserves**	**Shares to be Issued**	**Deficit**	**Non-Controlling Interest**	**Total**
Balance, December 31, 2015	75,549,888	$ 5,842,745	$ -	$ 16,136	$ 140,218	$ 32,842	$ (8,035,821)	$ -	$ (1,983,047)
Share capital issued	5,035,000	255,500	(12,000)	-	-	-	-	-	222,667
Shares issued for services	4,469,000	232,450	-	-	-	(32,842)	-	-	199,608
Shares issued for intangible asset	1,333,333	66,667	-	-	-	-	-	-	66,667
Shares issued for debt settlement	13,800,000	690,000	-	-	-	-	-	-	690,000
Net loss for the year	-	-	-	-	-	-	(3,000,692)	-	(3,000,692)
Balance, December 31, 2016	100,187,221	7,087,362	(12,000)	16,136	140,218	-	(11,036,513)	-	(3,804,797)
Share subscriptions received	-	-	12,000	-	-	-	-	-	12,000
Equity component of bridge financing loans payable	-	-	-	259,499	-	-	-	-	259,499
Deferred income tax on equity component of bridge financing loans payable	-	-	-	(66,172)	-	-	-	-	(66,172)
Net income for the year	-	-	-	-	-	-	1,395,760	(58,034)	1,337,726
Balance, December 31, 2017	100,187,221	$ 7,087,362	$ -	$ 209,463	$ 140,218	$ -	$ (9,640,753)	$ (58,034)	$ (2,261,744)

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

GOOD LIFE NETWORKS INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net income (loss) for the year	$ 1,337,726	$ (3,000,692)
Items not involving cash		
Amortization	8,334	7,168
Amortization of financing fees	-	45,335
Accrued interest	259,161	223,466
Accretion interest	19,215	3,233
Bad debts	148,890	35,031
Shares issued for services and debts	-	199,608
Loss on disposal of equipment	-	12,127
Gain on forgiveness of debt	(427,254)	-
Fair value change in derivative liability	234,000	-
Deferred income tax recovery	(66,172)	-
Foreign exchange loss	85,709	187,015
	1,599,609	(2,287,709)
Changes in non-cash working capital		
Accounts receivable	(8,876,482)	(929,523)
GST receivable	(35,775)	21,828
Prepaids	8,770	1,827
Accounts payable and accrued liabilities	5,832,725	2,307,352
Cash Used in Operating Activities	(1,471,153)	(886,225)
Investing Activity		
Purchase of equipment	-	(531)
Cash Used in Investing Activity	-	(531)
Financing Activities		
Share subscriptions received	103,283	222,667
Loan payable	25,000	-
Issuance of promissory notes and other liabilities	-	672,123
Issuance of convertible notes – Bridge Financing	1,461,941	80,861
Cash Provided by Financing Activities	1,590,224	975,651
Foreign Exchange Effect on Cash	(150,520)	(187,015)
Outflow of Cash	(31,449)	(98,120)
Cash, Beginning of Year	46,917	145,037
Cash, End of Year	$ 15,468	$ 46,917

Supplemental disclosure of cash flow information (note 15)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Good Life Networks Inc. (the "Company" or "Good Life") was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The Company's goal is to become a commercially focused digital branding and advertising agency.

The principal business office of the Company is located at Suite 202, 499 Broughton Street, Vancouver, British Columbia, Canada, V6G 3K1.

On October 7, 2016, as amended December 31, 2017, the Company entered into an arrangement agreement with Exito Energy II Inc. ("Exito"), a public company listed on the TSX Venture Exchange ("TSX-V"), with respect to a proposed business combination intended to constitute Exito's qualifying transaction, as such term is defined under the policies of the TSX-V. The transaction will be structured as a share exchange by way of a plan of arrangement (the "Arrangement") under the provisions of the *Business Corporations Act* (British Columbia), whereby, among other things, the holders of common shares of the Company will receive 0.2601 of one common share of Exito for each common share held. Exito will become the sole shareholder of the Company, and will subsequently amalgamate with the Company. The resulting combined entity will be listed on the TSX-V. The transaction was closed on January 26, 2018 (see note 19). The transaction was considered a reverse takeover since the legal acquiree is the accounting acquirer, as the former shareholders of the Company obtain a controlling interest of the resulting entity after the completion of the transaction. As a result of closing the transaction, the Company was listed on TSX-V under the symbol "GOOD".

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. Several conditions raise significant doubt regarding the validity of the going concern basis. Except for the year ended 2017, the Company has a history of losses and has an accumulated deficit of $9,640,753 (2016 - $11,036,513) and a working capital deficit of $786,785 (2016 - $3,756,263). The Company will require additional funding in order to satisfy its liabilities as they become due. The Company plans to generate the necessary resources to finance operations by way of a combination of sales of its products, issuance of equity securities and debt instruments (note 19).

The consolidated financial statements do not reflect adjustments to the amounts and classifications of assets and liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be significant.

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").

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (Continued)

(b) Approval of the consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 24, 2018.

(c) 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) The determination of the fair value of convertible debentures requires the input of highly subjective assumptions, including the expected discount rate. Changes in the input assumptions could materially affect the fair value estimate.

(ii) Useful life of intangibles – Following initial recognition, the Company carries the value of the intangible at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

(iii) Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Company's financial ability to continue marketing and sales activities and operations.

Significant areas requiring the use of judgments include:

(i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

(ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its product development and working capital requirements.

2. BASIS OF PRESENTATION (Continued)

(c) Use of estimates and judgments (Continued)

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

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

(iv) The Company records an allowance for doubtful accounts related to trade and other receivables that are considered to be uncollectable. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance and the provision for bad debts.

(v) Proceeds received on the issuance of units, consisting of common shares and warrant components, are allocated using the residual method whereby proceeds are allocated first to common shares based on an estimate of fair value of the common shares at the time the units are priced, and any excess is allocated to warrants. Management's judgment is used in the method used to establish the fair value of the Company's common shares.

(vi) The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

(vii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

2. BASIS OF PRESENTATION (Continued)

(c) Use of estimates and judgments (Continued)

(viii) Contingencies are subject to measurements of 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.

(d) Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of Good Life Networks USA Inc. and Megacast Networks Inc. is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Megacast Networks Inc. and 60% interest in Good Life Networks USA Inc. All intercompany transactions and balances have been eliminated.

(b) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statements of comprehensive income (loss). Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income taxes (Continued)

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Share issue costs

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

(d) Revenue recognition

The Company generates revenue by the use of proprietary technology systems to automatically connect online users to advertisers. Revenues are recognized when the risks and rewards have passed to the customer based on the terms of the sale which generally occurs when the service is provided, collection of the sale proceeds is probable, evidence of an arrangement exists and the sales price is fixed or determinable.

(e) Share-based payments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) Convertible debt

The Company evaluates the terms of its financial instruments to determine whether it contains both a liability and an equity component. The Company recognizes separately the components of a financial instrument that create a financial liability and grants an option to the holder of the instrument to convert it into equity of the Company. On initial recognition, the instrument's fair value is allocated between the liability and the equity components using the residual method. The fair value of any derivative feature embedded in the compound financial instrument (other than the equity component, such as an equity conversion feature) is presented as a liability instrument.

(h) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), AFS, and loans and receivables. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

Fair value through profit or loss financial assets

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or, if it is a derivative that is not designated and effective, as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred.

Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Held-to-maturity financial assets

HTM financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

Available-for-sale financial assets

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive loss and classified as a component of equity.

Loans and receivables financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in operations. Transaction costs are recognized in operations as incurred.

(iii) 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).

(iv) 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.

(i) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Foreign currency translation (Continued)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(j) Derivative liability

The Company classifies equity instruments that do not meet the definition of equity as derivative liabilities which is 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).

(k) 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.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity’s own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Accounting standards issued but not yet effective (Continued)

IFRS 9 *Financial Instruments* (Continued)

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The new standard is effective for the Company's annual period beginning on January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Revenue is recognized based on a five-step model:
  1. Identify the contract with customer;
  2. Identify the performance obligations;
  3. Determine the transaction price;
  4. Allocate the transaction price to the performance obligations; and
  5. Recognize revenue when (or as) the performance obligations are satisfied.

- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard is effective for the Company's annual period beginning on January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Accounting standards issued but not yet effective (Continued)

IFRS 16 *Leases*

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

The main features of the new standard are as follows:

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

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for the Company's annual period beginning on January 1, 2019.

4. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity (deficiency).

The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt. The Company will need to issue new shares or debt to satisfy its current liabilities and to fund future operating activities. There were no changes in the Company's approach to capital management during the year ended December 31, 2017.

5. 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 as a financial asset at FVTPL; accounts receivable is classified as loans and receivables; and accounts payable and accrued liabilities, promissory notes, interest payable, bridge financing payable, other liabilities and convertible debentures are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments, other than convertible debentures and bridge financing payable approximate their fair values due to their short term to maturity. The carrying value of convertible debentures and bridge financing payable approximates fair value as they are at market rates of interest.

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 $15,468 (2016 - $46,917).

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 $9,652,926 (2016 - $925,334). Accounts receivable are shown net of provision of credit losses of $nil (2016 - $22,022).

(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, 2017, the Company has $15,468 (2016 - $46,917) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $7,854,180 (2016 - $2,448,709) and interest payable of $266,824 (2016 - $92,798) are due within three months. Promissory notes of $750,000 (2016 - $750,000), convertible debts $120,000 (2016 - $120,000), note payable of $25,000 (2016 - $nil), share subscriptions received of $91,283 (2016 - $nil) and other liabilities of $1,455,371 (2016 - $1,435,047) 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.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(i) Interest rate risk

The Company is not exposed to significant interest rate risk as its long-term liabilities have a fixed rate of interest.

(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 does not manage currency risk through hedging or other currency management tools.

As at December 31, 2017 and 2016, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	2017		2016	
Cash	US$	855	US$	26,382
Accounts receivable		7,567,257		649,703
Accounts payable and accrued liabilities		(5,630,126)		(1,260,986)
Other liabilities		(724,370)		(471,830)
	US$	1,213,616	US$	(1,056,731)
Canadian dollar equivalent	$	1,522,481	$	(1,400,803)

A 10% (2016 - 20%) change in the US dollar against the Canadian dollar at December 31, 2017 would result in a change of approximately $152,000 (2016 - $200,000) 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.

6. NOTE PAYABLE

In conjunction with the Transaction (note 1), the Company received a $25,000 unsecured promissory note from Exito. The note payable is non-interest-bearing and is due November 30, 2017. As of December 31, 2017, the note payable remains outstanding and was extended until the completion of the RTO.

7. EQUIPMENT

	Computer Hardware	Office Furniture	Total
COST			
Balance, December 31, 2015	$ 53,613	$ 18,660	$ 72,273
Additions	-	531	531
Disposals	(53,613)	(19,191)	(72,804)
Balance, December 31, 2016 and 2017	$ -	$ -	$ -
ACCUMULATED AMORTIZATION			
Balance, December 31, 2015	$ 44,271	$ 9,239	$ 53,510
Additions	5,284	1,884	7,168
Disposals	(49,555)	(11,123)	(60,678)
Balance, December 31, 2016 and 2017	$ -	$ -	$ -
CARRYING VALUE			
December 31, 2016 and 2017	$ -	$ -	$ -

During the year ended December 31, 2016, the Company disposed of all equipment for proceeds of $nil and recorded loss on disposal of equipment of $12,127.

8. INTANGIBLE ASSETS

In April 2016, the Company entered into an agreement with Stella 3000 Ltd. ("Stella") pursuant to which Stella agreed to design and deliver a desktop video and mobile web video arbitrage platform (the "Platform"). Pursuant to the agreement, the Company will pay Stella a monthly fee of US $25,000 for the term of the agreement commencing March 1, 2016 and ending September 1, 2017. On September 20, 2016, the Company issued 2,000,000 common shares to settle $100,000 payable to Stella (note 12).

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

COST	
Balance, December 31, 2015, 2016 and 2017	$ 66,667
ACCUMULATED AMORTIZATION	
Balance, December 31, 2015 and 2016	$ -
Additions	8,334
Balance, December 31, 2017	$ 8,334
CARRYING VALUE	
December 31, 2016	$ 66,667
December 31, 2017	$ 58,333

9. PROMISSORY NOTES

	2017	2016
Loan agreement	$ 750,000	$ 750,000

Loan Agreement

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

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

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

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

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

On inception, the Company allocated the total loan proceeds received between the liability and warrant (equity) components of the convertible debenture using the residual method. However, due to the short-term nature of the amounts advanced, the face value of the loan was estimated to approximate its fair value, and the warrant value was assessed to be $nil using the residual method.

9. PROMISSORY NOTES (Continued)

During the year ended December 31, 2017, the Company extended the repayment date of the Loan Agreement to January 31, 2018. In connection with the extension of the Loan Agreement, a bonus interest of 8% was accrued to the lenders. At December 31, 2017, accrued interest of $112,075 (2016 - $nil) was payable.

As the number of warrants the special warrant holders will receive will vary depending on whether RTO occurs, in accordance with IAS 32 *Financial instruments: Presentation*, the warrants are accounted for as derivative liabilities and are fair valued at each statement of financial position date. As at December 31, 2017, management determined the fair value of the special warrants using the Black-Scholes option pricing model with the following assumptions:

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

The Company estimated the fair value of the warrants to be $234,000 (2016 - $nil) and has recorded them as derivative liabilities.

10. BRIDGE FINANCING PAYABLE

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

As at December 31, 2016, the Company received $80,861 as means of loan payable to be used as part of the Bridge Financing.

In addition, the Company amended the Bridge Financing for issuance of up to a total of 32,594,842 convertible notes, 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. The total amount raised from the Bridge Financing is $1,542,255.

On inception, the Company allocated the total proceeds received between the liability and equity components of the convertible notes using the residual method, based on a discount rate of 15%, 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 $1,283,303 on inception is measured at amortized cost and is accrued over the expected term to maturity using the effective interest method. The equity component of $259,499 on inception is presented as a component of shareholders’ deficiency, net of the deferred income tax liability of $63,722 associated with the temporary difference of the Bridge Financing payable.

10. BRIDGE FINANCING PAYABLE (Continued)

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

Balance, December 31, 2015 and 2016	$	-
Liability portion of Bridge Financing		1,283,303
Accretion interest expense		15,989
Balance, December 31, 2017	$	1,299,292

As of December 31, 2017, accrued interest of $65,552 (2016 - $nil) remains payable. The Company recorded $15,299 (2016 - $nil) in accretion expense. Subsequent to December 31, 2017, the Bridge Financing was converted into units (note 19).

11. CONVERTIBLE DEBENTURES

During the year ended December 31, 2013, the Company raised $260,000 through the issuance of convertible debentures. The convertible debentures bear interest at 20% per annum and are convertible into common shares of the Company at a price of $0.05 per share. Interest is payable monthly. Five of 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' deficiency.

Three of the convertible notes with a combined principal of $140,000 were settled or converted in prior years.

At December 31, 2017, accrued interest of $89,197 (2016 - $92,798) remains payable.

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

Balance, December 31, 2015	$	111,968
Accretion interest expense		3,233
Balance, December 31, 2016		115,201
Accretion interest expense		3,226
Balance, December 31, 2017	$	118,427

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

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

The Company received a total of $91,283 subscription funds for a private placement that completed subsequent to December 31, 2017 (note 19).

During the year ended December 31, 2016

Pursuant to a consulting agreement dated March 1, 2016, the Company issued 3,000,000 common shares to 986992 Alberta Limited ("Alberta") effective on signing of the consulting agreement with a term of one year. The common shares were fair valued at $150,000 and expensed as consulting fees. The consulting agreement also provides that the Company will pay to Alberta a monthly fee of US $25,000.

On April 10, 2016, the Company issued 875,000 common shares for consulting services provided to the Company. The common shares were fair valued at $43,750 and expensed as consulting fees.

On April 20, 2016, the Company issued 594,000 common shares for consulting services provided to the Company. The common shares were fair valued at $38,700 and expensed as consulting fees.

On September 20, 2016, the Company issued 2,000,000 common shares to settle $100,000 payable to Stella (note 8).

On September 20, 2016, the Company issued 5,035,000 common shares for total proceeds of $255,500 by way of private placement with $243,500 of proceeds received and the remaining $12,000 recorded as subscription receivable (received in 2017). Also on September 20, 2016, the Company issued an aggregate of 8,800,000 common shares at a fair value of $0.05 per share in settlement of debt amounting to $440,000.

On October 5, 2016, pursuant to a consulting agreement entered into with Stella (note 8), the Company issued 1,333,333 common shares at a fair value of $66,667 to Stella as consideration for Stella's assignment of intellectual property to the Company.

On October 18, 2016, the Company issued 3,000,000 common shares at a fair value of $150,000 to settle amounts payable to a director.

12. SHARE CAPITAL (Continued)

(c) Finders' warrants

Finders' warrant transactions and the number of finders' warrants outstanding are summarized as follows:

	Number of Finders' Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2015, 2016 and 2017	1,249,200	$0.125

The following finders' warrants were outstanding at December 31, 2017 and 2016:

Grant Date	Exercise Price	Number of Finders' Warrants
December 18, 2013	$ 0.125	120,000
December 20, 2013	$ 0.125	20,000
December 23, 2013	$ 0.125	200,000
February 28, 2014	$ 0.125	172,400
March 27, 2014	$ 0.125	34,000
May 9, 2014	$ 0.125	80,000
May 16, 2014	$ 0.125	114,400
May 30, 2014	$ 0.125	163,600
June 12, 2014	$ 0.125	46,400
June 30, 2014	$ 0.125	80,000
August 19, 2014	$ 0.125	80,000
September 12, 2014	$ 0.125	35,600
October 1, 2014	$ 0.125	54,800
October 31, 2014	$ 0.125	48,000
	$ 0.125	1,249,200

All finders' warrants become exercisable on the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States. This transaction completed subsequent to December 31, 2017 (note 19). The finders' warrants expire January 29, 2021.

(d) Warrants

During the year ended December 31, 2015, as amended December 21, 2016, the Company issued 1,250,000 special warrants in accordance with a loan agreement with a group of lenders for gross proceeds of $750,000 (note 9). The fair value of the special warrants was assessed to be $nil using the residual value method. The special warrants automatically convert into warrants of an SPOC following an RTO. In accordance with the terms of the special warrant agreement, if an RTO is not completed within a certain timeframe, the special warrants will convert into 12,500,000 warrants of the Company (note 9).

12. SHARE CAPITAL (Continued)

(d) Warrants (Continued)

During the year ended December 31, 2015, the Company issued 200,000 warrants exercisable at $0.125 expiring October 19, 2017. During the year ended December 31, 2017, these warrants expired unexercised.

13. INCOME TAXES

As at December 31, 2017, the Company has non-capital losses of approximately $8,723,000 available that may be carried forward and applied against future income for Canadian income tax purposes and $197,000 that may be carried forward and applied against future income for United States income tax purposes. The non-capital losses expire as follows:

2033	$	2,168,000
2034		2,119,000
2035		1,933,000
2036		2,700,000
	$	8,920,000

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, 2017 and 2016 are presented below:

		2017		2016
Deferred income tax assets				
Non-capital losses carried forward	$	66,172	$	-
Deferred income tax liabilities				
Equity component of bridge financing payable		(66,172)		-
Deferred income tax assets and liabilities, net	$	-	$	-

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

		2017		2016
Equipment	$	19,517	$	16,627
Share issue costs		13,620		26,259
Non-capital losses carried forward		2,019,526		2,420,175
Unrecognized deductible temporary differences	$	2,052,663	$	2,463,061

13. INCOME TAXES (Continued)

Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 26.00% (2016 – 14.87%) to loss before income taxes. The reasons for the differences are as follows:

		2017		2016
Income (loss) before tax	$	1,337,726	$	(3,000,692)
Statutory tax rate		26%		14.87%
Expected income tax benefit (expense)		(347,809)		446,255
Permanent differences		(8,348)		(4,998)
Differences on tax rates between jurisdictions		20,312		56,166
Other adjustments for tax purposes		-		(32,583)
Change in timing difference		(191,002)		(30,154)
Unrecognized benefit of deferred tax assets		496,529		(434,686)
Effect of change in tax rates		96,490		-
	$	66,172	$	-

14. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include directors and officers.

Key management compensation comprises

		2017		2016
Short-term cash compensation	$	451,125	$	541,000

Short-term cash compensation consisted of $300,000 (2016 - $300,000) in management fees, $86,300 (2016 - $229,000) in consulting fees charged by a company controlled by the CEO and $64,825 (2016 - $NIL) in consulting fees charged by a company controlled by the CFO. Also included in short-term cash compensation is $nil (2016 - $12,000) in accounting fees charged by a Company controlled by the former CFO.

During the year ended December 31, 2017, $236,165 (2016 - $199,800) of short-term compensation included in wages and salaries were paid to close family members of the CEO.

At December 31, 2017, included in accounts payable and accrued liabilities was $138,608 (2016 - $84,790) owing to officers and a director. Included in accounts receivable is $154,692 (2016 - $56,247) advanced the CEO. The amounts due to or from related parties is without stated terms of repayment or interest.

15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2017	2016
Additional Information		
Shares issued for intangible assets	$ -	$ 66,667
Shares issued for debt settlement	$ -	$ 690,000
Shares issued for consulting services	$ -	$ 232,450
Interest paid on promissory note	$ 157,925	$ 136,513

16. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: digital branding and advertising. All of its long-term assets are held in Canada; 98% of its revenues are earned in the United States.

Significant Customers - During the year ended December 31, 2017, three customers have sales exceeding 10% of the Company's annual revenues for a combined total of $8,962,424. There were no customers with revenues over 10% in 2016.

17. OTHER LIABILITIES AND CONTINGENCIES

	2017	2016
Promissory note – Lerna	$ 799,178	$ 799,178
Other liability – Lerna	82,000	82,000
Interest payable – Lerna	139,262	118,938
Legal fees - others	434,931	434,931
Total	$ 1,455,371	$ 1,435,047

Lerna Promissory Note

On April 22, 2015, the Company issued a secured promissory note in the amount of US $150,000 to Lerna as part of the acquisition of AmpMobile (note 9). The promissory note has a term of one year and interest of 24% per annum. Repayments are based on the net cash flow of the AmpMobile division. Management is in dispute over the promissory note that became due April 22, 2016 with Lerna, as the transaction with Lerna was never completed and thus the amount remains unpaid.

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

At December 31, 2017, accrued interest of $139,262 (2016 - $118,938) is included in other liabilities.

17. OTHER LIABILITIES AND CONTINGENCIES (Continued)

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

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

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

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

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking relief for the promissory note principal in the amount of US $150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable, which are all included in other liabilities above.

Whilst management believes the Company has reasonable defense to the debt claim from Lerna and reasonable arguments to support the Claim, the outcome of these legal proceedings cannot be determined at December 31, 2017 and no additional amounts have been accrued.

18. NON-CONTROLLING INTEREST

The Company owns 60% of its subsidiary Good Life Network USA Inc. The summarized financial information of the subsidiary in 2017 is as follows: Current asset of $1,343, current liabilities of $964,257, and net loss of $145,084 with non-controlling interests of $58,034.

19. SUBSEQUENT EVENTS

(a) Reverse take over transaction

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

19. SUBSEQUENT EVENTS (Continued)

(a) Reverse take over transaction (Continued)

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

Net tangible assets (estimated fair value) acquired:		
Cash and cash equivalents	$	67,994
Accounts receivable		9,365
Notes receivable		25,000
	$	102,359

Consideration paid:		
Shares Good Life Network Inc. deemed issued	$	1,000,000
Options issued to Exito shareholders		126,000
	$	1,126,000

At the time of the amalgamation, 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 a RTO. Therefore, Good Life, the legal subsidiary, has been treated as the accounting parent company, and Exito, the legal parent, has been treated as the accounting subsidiary.

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

The fair value of the common shares amounted to $1,000,000, based on the shares issued in a concurrent financing of the Company's common shares at the time of the transaction of $0.25 per share. The fair values of the stock options were determined the using the Black-Scholes option pricing model with the following weighted average assumptions: exercise price - $0.20, expected life – 1 year, volatility – 180%, risk-free rate – 1.77%, and dividend yield – 0%.

Consideration paid	$	1,126,000
Net tangible assets acquired		(102,359)
Additional transaction costs		1,122,593
	$	2,146,234

19. SUBSEQUENT EVENTS (Continued)

(a) Reverse take over transaction (Continued)

Concurrent with the RTO transaction, the Company completed a private placement of 141,321,044 subscription receipts for gross proceeds of $9,200,000. Upon completion of the Arrangement, each subscription receipt will be automatically exchanged into one common share of the Company and ultimately common shares of the resulting combined entity based on the exchange ratio described in note 1. The Company paid $539,000 cash commission in connection with the private placement. The Company issued 2,545,064 agents' options to purchase common shares at $0.25 per share until January 26, 2020.

The Company also issued an aggregate of 32,480,579 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 warrant shall be exercisable into one common share for 24 months at an exercise price of $0.346 per share.

(b) Stock options

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

(c) Private placement

In February 2018, the Company completed a private placement for gross proceeds of $250,000 through the issuance of 1,000,000 common shares.

(d) Collection of accounts receivables and payments of accounts payables

As of April 24, 2018 the Company has collected $6,481,742 of its accounts receivable and paid off $6,114,492 of its accounts payable.

(e) Special Warrants Conversion

1,250,000 special warrants issued in connection with the promissory notes (note 9) have been converted subsequent to December 31, 2017 into 1,250,000 warrants of the Company. These warrants are exercisable at a price of $0.1875 per share for three years.

20. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the current year's presentation.