

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

**Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2018 and 2017  
(Unaudited)  
(Expressed in Canadian Dollars)**

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**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)****Condensed Consolidated Interim Statements of Financial Position**

As at March 31, 2018 and December 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

	March 31, 2018	December 31, 2017
<b>Assets</b> (note 9)		
<b>Current</b>		
Cash	\$ 2,938,159	\$ 15,468
Restricted cash	57,500	-
Accounts receivable	7,507,353	9,652,926
GST receivable	171,742	100,906
Prepays	35,511	5,000
	10,710,265	9,774,300
<b>Deposits</b> (note 18)	1,652,702	-
<b>Equipment</b> (note 7)	39,124	-
<b>Intangibles</b> (note 8)	305,063	58,333
	\$ 12,707,154	\$ 9,832,633
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,093,879	\$ 7,854,180
Interest payable (notes 9, 10 and 11)	56,488	266,824
Promissory notes (note 9)	-	750,000
Convertible debentures (note 11)	49,676	118,427
Note payable (note 6)	-	25,000
Share subscriptions received (note 12)	30,942	91,283
Other liabilities (note 17)	1,471,744	1,455,371
	6,702,729	10,561,085
<b>Bridge Financing Payable</b> (note 10)	-	1,299,292
<b>Derivative Liability</b> (note 9)	-	234,000
	6,702,729	12,094,377
<b>Shareholders' Equity (Deficiency)</b>		
<b>Share Capital</b> (note 12)	17,380,609	7,087,362
<b>Convertible Debentures – Equity Component</b> (notes 10 and 11)	6,724	209,463
<b>Reserves</b> (note 12)	1,264,358	140,218
<b>Deficit</b>	(12,603,120)	(9,640,753)
<b>Equity Attributable to Owners of the Company</b>	6,048,571	(2,203,710)
<b>Non-Controlling Interest</b>	(44,146)	(58,034)
	6,004,425	(2,261,744)
	\$ 12,707,154	\$ 9,832,633

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 condensed consolidated interim financial statements.

**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
**For the Three Months Ended March 31, 2018 and 2017**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>	\$ 1,322,139	\$ 60,870
<b>Direct Expenses</b>		
Adserver and platform	(724,457)	(8,927)
Media buys	(149,412)	(49,972)
	(873,869)	(58,899)
<b>Gross Profit</b>	448,270	1,971
<b>Operating Expenses</b>		
Accounting, legal and audit	48,139	55,809
Accretion and interest (notes 10, 11 and 17)	56,142	76,796
Advertising, promotion and marketing	45,237	40,981
Amortization (note 8)	2,084	2,084
Consulting fees (note 14)	200,193	301,564
Insurance	5,451	197
Management and director fees (note 14)	185,000	75,000
Meals and entertainment	27,230	14,147
Office, software and general	80,107	24,324
Production and broadcasting	-	1,200
Rental	30,511	10,922
Share-based compensation (notes 12 and 14)	488,830	-
Telecommunications	-	3,593
Travel	72,651	12,619
Wages and salaries (note 14)	120,285	92,334
	1,361,860	711,570
<b>Operating Loss</b>	(913,590)	(709,599)
Listing fee (notes 13 and 14)	(2,318,018)	-
Foreign exchange gain (loss)	22,594	(46,596)
Gain on forgiveness of debt	26,535	-
Fair value change of derivative liability (note 9)	234,000	-
<b>Net Loss and Comprehensive Loss</b>	\$ (2,948,479)	\$ (756,195)
<b>Comprehensive Income (Loss) Attributed to:</b>		
Owners of the Company	\$ (2,962,367)	\$ (756,195)
Non-controlling interest	13,888	-
	\$ (2,948,479)	\$ (756,195)
<b>Basic and Diluted Loss Per Share</b>	\$ (0.05)	\$ (0.03)
<b>Weighted Average Number of Common Shares Outstanding</b>	61,182,080	26,058,696

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

**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	Share Capital		Share Subscriptions Receivable	Convertible Debentures – Equity Component	Reserves	Deficit	Non- Controlling Interest	Total
	Number	Amount						
		\$	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2016</b>	26,058,696	7,087,362	(12,000)	16,136	140,218	(11,036,513)	-	(3,804,797)
Share subscriptions received	-	-	12,000	-	-	-	-	12,000
Net loss for the period	-	-	-	-	-	(756,195)	-	(756,195)
<b>Balance, March 31, 2017</b>	26,058,696	7,087,362	-	16,136	140,218	(11,792,708)	-	(4,548,992)
<b>Balance, December 31, 2017</b>	26,058,696	7,087,362	-	209,463	140,218	(9,640,753)	(58,034)	(2,261,744)
Shares issued from private placement	37,757,604	9,450,000	-	-	-	-	-	9,450,000
Share issuance costs	-	(1,261,422)	-	-	-	-	-	(1,261,422)
Agents' options	-	(509,310)	-	-	509,310	-	-	-
Shares issued pursuant to RTO	4,000,000	1,000,000	-	-	126,000	-	-	1,126,000
Share-based compensation	-	-	-	-	488,830	-	-	488,830
Shares issued for Bridge Financing convertible notes	8,448,199	1,571,869	-	(193,327)	-	-	-	1,378,542
Shares issued for convertible notes	134,461	42,110	-	(9,412)	-	-	-	32,698
Net income (loss) for the period	-	-	-	-	-	(2,962,367)	13,888	(2,948,479)
<b>Balance, March 31, 2018</b>	76,398,960	17,380,609	-	6,724	1,264,358	(12,603,120)	(44,146)	6,004,425

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

**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the Three Months Ended March 31, 2018 and 2017**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (2,948,479)	\$ (756,195)
Items not involving cash:		
Amortization	2,084	2,084
Accrued interest	36,157	76,796
Accretion interest	1,128	-
Share-based compensation	488,830	-
Transaction costs	1,023,641	-
Gain on forgiveness of debt	(26,535)	-
Fair value change in derivative liability	(234,000)	-
Foreign exchange gain (loss)	(6,221)	33,567
	(1,663,395)	(643,748)
Changes in non-cash working capital:		
Accounts receivable	2,154,938	434,255
GST receivable	(70,836)	(8,181)
Prepays	(30,511)	(500)
Restricted cash	(57,500)	-
Accounts payable and accrued liabilities	(2,743,627)	92,003
<b>Cash Used in Operating Activities</b>	<b>(2,410,931)</b>	<b>(126,171)</b>
<b>Investing Activities</b>		
Purchase of equipment	(39,124)	-
Purchase of intangibles	(248,814)	-
Deposits	(1,652,702)	-
Cash received from acquisition of Exito	67,994	-
<b>Cash Used in Investing Activities</b>	<b>(1,872,646)</b>	<b>-</b>
<b>Financing Activities</b>		
Proceeds from share issuance, net of issuance costs	8,097,295	-
Proceeds from convertible notes	-	166,284
Loan payable	30,942	-
Share subscriptions received	-	12,000
Cash settlement of convertible notes	(51,696)	-
Repayment of promissory notes and interest	(892,867)	-
<b>Cash Provided by Financing Activities</b>	<b>7,183,674</b>	<b>178,284</b>
<b>Foreign Exchange Effect on Cash</b>	<b>22,594</b>	<b>(46,596)</b>
<b>Inflow of Cash</b>	<b>2,922,691</b>	<b>5,517</b>
<b>Cash, Beginning of Period</b>	<b>15,468</b>	<b>46,917</b>
<b>Cash, End of Period</b>	<b>\$ 2,938,159</b>	<b>\$ 52,434</b>

Supplemental disclosure of cash flow information (note 15)

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

# GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2018 and 2017

(Unaudited)

(Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

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

Effective January 28, 2018, the Company closed its qualifying transaction (the "Transaction") with Good Life Networks Inc. ("GLN"), a Vancouver-based, digital media private company. The Transaction was completed by way of a share exchange pursuant to a plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the "Arrangement"), which included the amalgamation of GLN and Exito Energy II Inc. ("Exito") to form the Company as the resulting issuer. Immediately prior to the completion of the Arrangement, Exito completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation share for every two pre-consolidation shares and continued from Alberta into British Columbia. Each GLN common share was exchanged for 0.2601 of a common share of the Company. The Company is continuing the business of GLN, as described below. The transaction was considered a reverse takeover ("RTO") since the legal acquirer is the accounting acquirer, as the former shareholders of GLN obtained a controlling interest of the resulting entity after the completion of the transaction (see note 13).

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

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several conditions raise significant doubt regarding the validity of the going concern basis. Except for the year ended 2017, the Company has a history of losses and negative operating cash flows. As at March 31, 2018, the Company has an accumulated deficit of \$12,603,120 (December 31, 2017 - \$9,640,753). The Company will require additional funding in order to satisfy its liabilities as they become due and sustain its ongoing operations in the normal course of business. 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.

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

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**2. BASIS OF PRESENTATION (Continued)**

(a) Statement of compliance (Continued)

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2017 of GLN and Exito, except as presented in note 3. These condensed consolidated interim financial statements do not include all the disclosures required for the annual audited financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements for GLN and Exito for the year ended December 31, 2017.

(b) Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 25, 2018.

(c) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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.

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**2. BASIS OF PRESENTATION** (Continued)

(c) Use of estimates and judgments (Continued)

Significant areas requiring the use of judgments include:

- (i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its product development and working capital requirements.
- (ii) The application of the Company's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Assumptions may change if new information becomes available.  
  
The Company assesses at each reporting date if the intangible has indicators of impairment. In determining whether the intangible is impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effect on the entity, evidence of technological obsolescence and future plans.
- (iii) 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.
- (iv) 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.
- (v) The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.



**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of estimates and judgments (Continued)

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

(vii) Contingencies are subject to 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 condensed consolidated interim 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.

**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
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**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company has applied the same accounting policies and methods of computation in its condensed consolidated interim financial statements as in the audited consolidated financial statements of GLN and Exito for the year ended December 31, 2017, except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after January 1, 2018, and will be adopted in the 2018 annual financial statements.

(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 condensed consolidated interim 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) IFRS standards adopted

As of January 1, 2018, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

*IFRS 9, Financial Instruments (“IFRS 9”)*

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. For financial liabilities, the standard retains most of the IAS 39 requirements.

The Company does not have financial instruments measured at fair value through other comprehensive income.

*IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)*

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

**GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) IFRS standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ending December 31, 2018, and have not been applied in preparing these condensed consolidated interim financial statements. The Company considers the following standard the most significant and is not a complete list of new pronouncements that may impact the financial statements.

*IFRS 16 Leases ("IFRS 16")*

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.

## **GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Three Months Ended March 31, 2018 and 2017**

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**(Expressed in Canadian Dollars)**

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#### **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 period ended March 31, 2018.

#### **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 \$2,938,159 (December 31, 2017 - \$15,468).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is \$7,507,353 (December 31, 2017 - \$9,652,926). (see note 19(b))

(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 March 31, 2018, the Company has \$2,938,159 (December 31, 2017 - \$15,468) of cash to settle current liabilities with the following due

## GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 5. FINANCIAL INSTRUMENTS (Continued)

##### (b) Liquidity risk (Continued)

dates: accounts payable and accrued liabilities of \$5,093,879 (December 31, 2017 - \$7,854,180) and interest payable of \$56,488 (December 31, 2017 - \$266,824) are due within three months. Promissory notes of \$Nil (December 31, 2017 - \$750,000), convertible debts \$50,000 (December 31, 2017 - \$120,000), note payable of \$30,942 (December 31, 2017 - \$25,000), share subscriptions received of \$Nil (December 31, 2017 - \$91,283) and other liabilities of \$1,471,744 (December 31, 2017 - \$1,455,371) are due within twelve months.

The Company manages its liquidity risk by relying upon its cash inflow from revenues, but expects it will have to raise additional funds through equity or debt financing to fund its current liabilities and sustain ongoing operations in the normal course of business.

##### (c) Market risk

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

##### (i) Interest rate risk

The Company is not exposed to significant interest rate risk.

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

	March 31, 2018	December 31, 2017
Cash	US\$ 1,556,059	US\$ 855
Accounts receivable	5,698,426	7,567,257
Accounts payable and accrued liabilities	(3,703,911)	(5,630,126)
Other liabilities	(807,010)	(724,370)
	US\$ 2,743,564	US\$ 1,213,616
Canadian dollar equivalent	\$ 3,537,551	\$ 1,522,481

## GOOD LIFE NETWORKS INC. (FORMERLY EXITO ENERGY II INC.)

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 5. FINANCIAL INSTRUMENTS (Continued)

##### (c) Market risk (Continued)

##### (ii) Foreign currency risk (continued)

A 10% (December 31, 2017 - 10%) change in the US dollar against the Canadian dollar at March 31, 2018 would result in a change of approximately \$354,000 (December 31, 2017 - \$152,000) in comprehensive 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. LOAN 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. Upon completion of the RTO, the note payable has been extinguished.

#### 7. EQUIPMENT

	Office Equipment	Software	Total
<b>COST</b>			
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Additions	14,468	24,656	39,124
Balance, March 31, 2018	\$ 14,468	\$ 24,656	\$ 39,124
<b>ACCUMULATED AMORTIZATION</b>			
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Additions	-	-	-
Balance, March 31, 2018	\$ -	\$ -	\$ -
<b>CARRYING VALUE</b>			
December 31, 2017	\$ -	\$ -	\$ -
March 31, 2018	\$ 14,468	\$ 24,656	\$ 39,124

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#### 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 520,200 common shares to settle \$100,000 payable to Stella.

On October 5, 2016, pursuant to a consulting agreement entered into with Stella, the Company issued 346,800 common shares at a fair value of \$66,667 as consideration for Stella's assignment of intellectual property to the Company. The intellectual property has an estimated useful life of 10 years.

During the period ended March 31, 2018, the Company purchased the commercial relationships, contracts and agreements that existed between a third party and numerous partners for consideration of \$202,367.

	Intellectual Property	Deferred Development Costs	Customer List	Total
<b>COST</b>				
Balance, December 31, 2016 and 2017	\$ 66,667	\$ -	\$ -	\$ 66,667
Additions	-	46,447	202,367	248,814
Balance, March 31, 2018	\$ 66,667	\$ 46,447	\$ 202,367	\$ 315,481
<b>ACCUMULATED AMORTIZATION</b>				
Balance, December 31, 2016	\$ -	\$ -	\$ -	\$ -
Additions	8,334	-	-	8,334
Balance, December 31, 2017	8,334	-	-	8,334
Additions	2,084	-	-	2,084
Balance, March 31, 2018	\$ 10,418	\$ -	\$ -	\$ 10,418
<b>CARRYING VALUE</b>				
December 31, 2017	\$ 58,333	\$ -	\$ -	\$ 58,333
March 31, 2018	\$ 56,249	\$ 46,447	\$ 202,367	\$ 305,063

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**9. PROMISSORY NOTES**

	March 31, 2018	December 31, 2017
Promissory Note	\$ -	\$ 750,000

On December 21, 2015, and then amended December 21, 2016, the Company entered into a promissory note 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 2015, \$50,000 was segregated and restricted and was to be used towards interest payments only. 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. 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 automatically converts into share purchase warrants as follows:

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

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

- (ii) If the RTO is not completed within the term of the loan, the special warrants will automatically convert into 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 promissory note 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 note was estimated to approximate its fair value, and the warrant value was assessed to be \$Nil using the residual method.

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



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**9. PROMISSORY NOTES (Continued)**

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 weighted average 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 and recorded them as derivative liability at December 31, 2017. Upon completion of the RTO, the special warrants converted into 1,250,000 warrants (note 12(d)) and the Company recorded a recovery of fair value change of derivative liability of \$234,000 in the statement of comprehensive loss during the period ended March 31, 2018.

**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.

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.

During the period ended March 31, 2018, the Bridge Financing was converted into units (note 12(b))

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**10. BRIDGE FINANCING PAYABLE (Continued)**

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

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

As of March 31, 2018, accrued interest of \$Nil (December 31, 2017 - \$65,552) was payable. The Company recorded \$796 (December 31, 2017 - \$15,299) in accretion expense during the three months ended March 31, 2018.

**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, repaid or converted in prior years.

Two of the convertible notes with a combined principal of \$70,000 were settled during the period ended March 31, 2018 (note 12(b)).

At March 31, 2018, accrued interest of \$52,378 (December 31, 2017 - \$89,197) remains payable on these convertible debentures.

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**11. CONVERTIBLE DEBENTURES (Continued)**

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

Balance, December 31, 2016	\$ 115,201
Accretion interest expense	3,226
Balance, December 31, 2017	118,427
Settlement of convertible notes	(69,083)
Accretion interest expense	332
Balance, March 31, 2018	\$ 49,676

**12. SHARE CAPITAL**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

*During the three months ended March 31, 2018*

On January 26, 2018, the Company closed the arrangement with Exito (note 1) and issued 4,000,000 common shares, the fair value of the common shares amounted to \$1,000,000 (note 13).

Concurrent with the RTO transaction, the Company completed a private placement of 36,757,604 shares for gross proceeds of \$9,200,000. The Company paid \$1,261,422 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 (note 13). The agent's options were valued using Black-Scholes model and a total of \$509,310 was recorded as share issuance costs. The weighted average assumptions used in the Black-Scholes model are as follows:

Risk-free interest rate	2.01%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	180%

The Company also issued an aggregate of 8,448,199 units in connection with the Bridge Financing convertible notes (note 10). Each unit comprises one common share and one-half of one non-transferable common share purchase warrant. Each full warrant shall be exercisable into one common share for 24 months at an exercise price of \$0.35 per share.

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

During the period ended March 31, 2018, the Company settled an amount owing to a lender through a cash payment of \$51,696 and issuance of 134,461 common shares at a price of

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**12. SHARE CAPITAL** (Continued)

(b) Issued (Continued)

\$0.38 per share (note 11). The fair value of the shares issued was \$42,110 and a gain of \$18,081 was recognized on settlement.

*During the year ended December 31, 2017*

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.

(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, March 31, 2018	324,916	\$ 0.481

The following finders' warrants were outstanding at March 31, 2018:

Grant Date	Expiry Date	Exercise Price	Number of Finders' Warrants
January 26, 2018	January 26, 2021	\$ 0.481	324,916
		\$ 0.481	324,916

All finders' warrants become exercisable for a period of 3 years commencing on the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States. This transaction completed on January 26, 2018.

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**12. SHARE CAPITAL** (Continued)

(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 promissory note 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 on inception. The special warrants automatically converted into 1,250,000 warrants of Exito following the closing of the Transaction. These warrants are exercisable at a price of \$0.1875 per share for three years.

During the year ended December 31, 2015, the Company issued 52,020 warrants exercisable at \$0.125 expiring October 19, 2017. During the year ended December 31, 2017, these warrants expired unexercised.

In connection with the Bridge Financing convertible notes, the Company issued 4,224,100 common share purchase warrant. Each warrant shall be exercisable into one common share for 24 months at an exercise price of \$0.09 per share.

(e) Finders' options

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

	Number of Finders' Options	Weighted Average Exercise Price
Outstanding, December 31, 2017	-	\$ -
Granted	2,545,064	0.25
Outstanding, March 31, 2018	2,545,064	\$ 0.25

The Company issued 2,545,064 finders' options in connection with the private placement in January 2018. All finders' options are exercisable at \$0.25 per share until January 26, 2020 (note 12(b)).

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**12. SHARE CAPITAL (Continued)**

(f) 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, 2019 and the remaining 25% on May 26, 2019. These stock options have an exercise price of \$0.25 per share and expire on January 30, 2023. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.01%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	180%

For the three months ended March 31, 2018, the Company recognized share-based compensation of \$488,830 (2017 - \$Nil) relating to the stock options that vested during the period. The Company also granted 750,000 replacement stock options to Exito shareholders. (see note 13). The options expire on January 26, 2019 which is one year after the Transaction closed.

**13. REVERSE TAKE OVER OF EXITO**

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

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

Net tangible assets (estimated fair value) acquired:	
Cash and cash equivalents	\$ 67,994
Accounts receivable	9,365
Notes receivable	25,000
	<u>\$ 102,359</u>
Consideration paid:	
Shares Good Life Network Inc. deemed issued	\$ 1,000,000
Options issued to Exito shareholders	126,000
	<u>\$ 1,126,000</u>

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#### 13. REVERSE TAKE OVER OF EXITO (Continued)

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

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

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

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

#### 14. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2018, the Company incurred management fees of \$166,250 (2017 - \$75,000) to officers and companies controlled officers.

During the three months ended March 31, 2018, the Company incurred director fees of \$18,750 (2017 - \$Nil) to directors.

During the three months ended March 31, 2018, the Company paid short-term compensation included in wages and salaries of \$120,285 (2017 - \$68,017) to close family members of an officer.

During the period ended March 31, 2018, the Company incurred share-based compensation of \$201,283 (2017 - \$Nil) to directors and officers and \$106,171 (2017 - \$Nil) to close family members of an officer.

During the period ended March 31, 2018, the Company paid transaction costs in connection to the RTO of \$613,438 (2017 - \$Nil) to directors and companies controlled by directors.

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**14. RELATED PARTY TRANSACTIONS (Continued)**

During the period ended March 31, 2018, the Company paid share-issuance costs of \$172,970 (2017 - \$Nil) to a company controlled by a director.

At March 31, 2018, included in accounts payable and accrued liabilities was \$29,250 (December 31, 2017 - \$138,608) owing to an officer and directors. Included in accounts receivable is \$147,373 (December 31, 2017 - \$154,692) advanced to an officer. The amounts due to or from related parties are without stated terms of repayment or interest.

These transactions are in the normal course of business and have been valued in these unaudited condensed consolidated interim financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

*Key management compensation*

The compensation paid or payable to key management personnel during the three months ended March 31, 2018 and 2017 were as follows:

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Salaries and short-term employee benefits	\$ 386,283	\$ 92,300

Salaries and short-term employee benefits consisted of \$185,000 (2017 - \$75,000) in management and director fees, consulting fees of \$Nil (2017 - \$17,300), and share-based compensation of \$201,283 (2017 - \$Nil) to directors and companies controlled by directors and officers.

**15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Additional Information</b>		
Shares issued for convertible notes	\$ 42,110	\$ -
Interest paid on promissory note	\$ 18,858	\$ 55,185
Gain on settlement of accounts payable	\$ 8,454	\$ -
Gain on settlement of convertible debt	\$ 18,081	\$ -

**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; 100% of its revenues are earned in Canada.

Significant Customers - During the three months ended March 31, 2018, three customers have sales exceeding 10% of the Company's quarterly revenues for a combined total of \$1,176,187. There were no customers with revenues over 10% in 2017.



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**17. OTHER LIABILITIES AND CONTINGENCIES**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Promissory note – Lerna	\$ 799,178	\$ 799,178
Other liability – Lerna	82,000	82,000
Interest payable – Lerna	155,635	139,262
Legal fees - others	434,931	434,931
<b>Total</b>	<b>\$ 1,471,744</b>	<b>\$ 1,455,371</b>

*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 March 31, 2018, accrued interest of \$155,635 (December 31, 2017 - \$139,262) is included in other liabilities.

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.

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**17. OTHER LIABILITIES AND CONTINGENCIES (Continued)**

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 March 31, 2018 and no additional amounts have been accrued.

**18. DEPOSITS**

The Company paid deposits with respect to an agreement with a third party to research, design and develop a software platform for the Company's advertising technology to be used in mobile phone applications.

**19. SUBSEQUENT EVENTS**

- (a) Acquisition of Impression X Inc.

The Company has entered into a binding letter of intent to acquire all of the issued and outstanding shares of Impression X Inc., a leading connected television (CTV) advertising technology company. The Company will acquire all outstanding shares for US \$5,000,000 and commit to fund the operations to US \$500,000.

Under the terms of the letter of intent, the total consideration of US \$6,000,000 for the purchased shares will consist of a combination of cash, common shares of the Company (subject to the approval of the TSXV) and performance earn outs based on agreed-upon milestones. Closing of the transaction is conditional upon the successful completion of standard due diligence.

- (b) Collection of accounts receivables and payments of accounts payables

As of May 25, 2018 the Company has collected \$3,618,148 of its accounts receivable and paid \$3,122,721 of its accounts payable outstanding at March 31, 2018.