DISCOURSE MEDIA INC.

Financial Statements

As at and for the year ended December 31, 2018

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Discourse Media Inc.

Opinion

We have audited the financial statements of Discourse Media Inc. (the "Company") which comprise the statement of financial position as at December 31, 2018, and the statements of comprehensive loss, changes in equity (deficiency) and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 5 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2017 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended December 31, 2017 (prior to the adjustments that were applied to restate certain comparative information explained in Note 5) were audited by another auditor who expressed an unmodified opinion on those financial statements on December 14, 2018.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that the Company incurred a net loss of $1,138,595 for the year ended December 31, 2018 and, as of that date, the Company had an accumulated deficit of $1,675,825. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
November 14, 2019

Discourse Media Inc.
Statement of Financial Position
As at December 31, 2018
Expressed in Canadian Dollars

	2018	2017 *(Restated - Note 5)*
Current assets		
Trade and other receivables	$ 25,118	$ 25,064
Goods and services tax recoverable	4,560	-
Prepaid expenses	510	10,357
	30,188	35,421
Non-current assets		
Property and equipment *(Note 6)*	28,613	-
Deposits	22,414	10,357
Total assets	**$ 81,215**	**$ 45,778**
Current liabilities		
Bank indebtedness *(Note 7)*	$ 135,370	$ 57,882
Trade and other payables	45,454	36,908
Goods and services tax payable	-	7,267
Deferred revenue *(Note 13)*	89,795	5,952
Demand loan *(Note 8)*	65,935	71,465
Current portion of long-term debt *(Note 9)*	44,000	-
Due to shareholders *(Note 10)*	277,020	71,678
	657,574	251,152
Non-current liabilities		
Long-term debt *(Note 9)*	156,000	-
Convertible debt *(Note 11)*	226,977	167,103
Conversion feature of convertible debt *(Note 11)*	138,475	111,627
Interest payable *(Note 11)*	18,638	3,125
Total liabilities	1,197,664	533,007
Equity (deficiency)		
Share capital *(Note 12(a))*	469,837	1
Obligation to issue shares *(Note 12(a))*	-	50,000
Subscriptions receivable *(Note 12(a))*	(20,000)	-
Reserves *(Note 12(b))*	109,539	-
Deficit	(1,675,825)	(537,230)
	(1,116,449)	(487,229)
Total liabilities and equity (deficiency)	**$ 81,215**	**$ 45,778**

Nature of operations and going concern *(Note 1)*
Commitment *(Note 18)*
Subsequent events *(Note 19)*

APPROVED BY THE BOARD

________________________ Erin Millar, *Director*

The accompanying notes are an integral part of these financial statements

Discourse Media Inc.
Statement of Comprehensive Loss
Year ended December 31, 2018
Expressed in Canadian Dollars

		2018		2017 *(Restated - Note 5)*
REVENUE *(Note 13)*	$	175,152	$	690,421
EXPENSES				
Salaries and wages *(Note 14)*		772,015		838,378
Advertising and promotion		129,775		33,085
Share-based payments *(Notes 12(b), 14)*		109,539		-
Professional fees		100,966		70,366
Office		94,854		123,585
Rent *(Note 18)*		79,698		39,879
Finance costs *(Note 11)*		57,197		9,022
Travel		25,734		38,043
Insurance		6,727		5,028
Meals and entertainment		5,914		10,046
Amortization *(Note 6)*		2,707		-
Utilities		2,653		-
Repairs and maintenance		1,842		-
		1,389,621		1,167,432
Loss before other items		(1,214,469)		(477,011)
Change in fair value of embedded derivatives *(Note 11)*		21,049		(23,873)
Other income *(Note 5)*		54,825		80,500
Net loss and comprehensive loss for the year	$	(1,138,595)	$	(420,384)

The accompanying notes are an integral part of these financial statements

Discourse Media Inc.
Statement of Changes in Equity (Deficiency)
Year ended December 31, 2018
Expressed in Canadian Dollars

	Share capital		Reserves				
	Number of shares	Amount	Obligation to Issue Shares	Subscriptions Receivable	Contributed Surplus	Deficit	Total *(Restated – Note 5)*
Balance, December 31, 2016	4,000,000	$ 1	$ -	$ -	$ -	$ (116,846)	$ (116,845)
Subscriptions received (Note 12(a)(ii))	-	-	50,000	-	-	-	50,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(420,384)	(420,384)
Balance, December 31, 2017 (Restated – Note 5)	4,000,000	$ 1	$ 50,000	$ -	$ -	$ (537,230)	$ (487,229)
Shares issued in offering memorandums (Note 12(a)(i),(iv))	274,530	274,530	-	(20,000)	-	-	254,530
Shares issued in private placements (Note 12(a)(ii),(v))	175,000	174,983	(50,000)	-	-	-	124,983
Shares issued for services (Note 12(a)(iii))	56,500	56,500	-	-	-	-	56,500
Share issuance costs (Note 12(a)(vi))	-	(36,177)	-	-	-	-	(36,177)
Share-based payments (Note 12(b))	-	-	-	-	109,539	-	109,539
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,138,595)	(1,138,595)
Balance, December 31, 2018	4,506,030	$ 469,837	$ -	(20,000)	$ 109,539	$ (1,675,825)	$ (1,116,449)

The accompanying notes are an integral part of these financial statements

Discourse Media Inc.
Statement of Cash Flows
For the year ended December 31, 2018
Expressed in Canadian Dollars

	2018	2017 *(Restated - Note 5)*
OPERATING ACTIVITIES		
Loss for the year	$ (1,138,595)	$ (420,384)
Items not affecting cash:		
Amortization	2,707	-
Accretion on convertible debt	27,621	4,857
Change in fair value of embedded derivatives	(21,049)	23,873
Share issued for service	56,500	-
Convertible debt issued for service	80,150	-
Share-based payments	109,539	-
Changes in non-cash working capital:		
Trade and other receivables	(54)	19,846
Prepaids and deposits	(2,210)	(20,713)
Deferred revenue	83,843	(107,455)
Goods and services tax recoverable/payable	(11,827)	(4,235)
Trade and other payables	13,888	20,610
Interest payable	15,513	3,125
Cash used in operating activities	(783,974)	(480,476)
INVESTING ACTIVITY		
Purchase of property and equipment	(31,320)	-
Cash used in investing activity	(31,320)	-
FINANCING ACTIVITIES		
Shareholder loan	200,000	-
Demand loan (repayment)	(5,530)	71,465
Proceeds from long-term debt	200,000	-
Convertible debt	-	250,000
Proceeds from the issuance of common shares (net)	343,336	50,000
Cash provided by financing activities	737,806	371,465
Decrease in bank indebtedness	(77,488)	(109,011)
Bank indebtedness – beginning of year	(57,882)	51,129
Bank indebtedness – end of year	$ (135,370)	$ (57,882)

1. Nature of operations and going concern

Discourse Media Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on January 20, 2016. The principal business office of the Company is located at Suite 308, 877 East Hastings Street, Vancouver, British Columbia, Canada, V6A 3Y1. The Company is a Canadian digital news media company headquartered in Vancouver, British Columbia with an office in Toronto, Ontario, and relationships with a network of journalists across Canada. The Company aims to be the leading source of in-depth Canadian journalism for millennials, starting by focusing on feminist, inclusivity and Indigenous issues.

The accompanying financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is still in the start-up stage and has not achieved profitable operations. During the year ended December 31, 2018, the Company incurred a net loss totaling $1,138,595. As at December 31, 2018, the Company has a working capital deficiency of $627,386 and an accumulated deficit of $1,675,825. Based on the Company’s financial position at December 31, 2018, available funds are not considered adequate to meet requirements for fiscal 2019 based on its budgeted expenditures for operations. The Company’s ability to continue as a going concern depends upon its ability to raise further funds through the issue of equity or debt instruments in a timely manner, on terms favorable to the Company, and eventually achieving profitable operations. These conditions indicate that there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

If the going concern assumptions were not appropriate for these financial statements, adjustments would be necessary in the carrying values and classification of assets, liabilities, income and expenses.

2. Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been authorized for release by the Company’s Board of Directors on November 14, 2019.

3. Significant accounting policies

(a) Basis of presentation

The financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 4.

These financial statements are prepared in Canadian dollars, which is the functional currency of the Company.

3. Significant accounting policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and term deposits with banks with maturities of 90 days or less at inception. The Company does not have any cash equivalents as at December 31, 2018 and 2017.

(c) Property and equipment

Equipment is stated at cost of acquisition less accumulated amortization and impairment losses. Amortization is provided for on a declining balance basis or straight line basis as below calculated to write off the cost less estimated residual value of each asset over it expected useful life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset was already of the age and in the condition expected at the end of its useful life.

Office equipment and furniture	Declining balance at 20%
Leasehold improvement	Straight-line over the terms of related leases

The carrying value of equipment is assessed for impairment annually and an impairment, if any, is charged to the statement of comprehensive loss. The expected useful life of equipment is reviewed annually.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in comprehensive loss in the year the item is derecognized.

(d) Share-based payments

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period and fair value. The fair value is determined using the Black-Scholes Option Pricing Model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees is determined based on the fair value of goods or services received or if the fair value of such goods or services received cannot be reliably measured, the fair value of the options granted are measured at the date on which the Company receives the goods or services.

Share-based compensation is recognized over each tranche's vesting period in the statement of comprehensive loss, based on the number of awards that vest, less the estimated forfeitures. The number of forfeitures likely to occur is estimated on the grant date. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(e) Share capital

Share issuance costs are recorded as a reduction of share capital.

(f) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3. Significant accounting policies (continued)

(f) Income taxes (continued)

Current tax expense is the expected payable on the taxable income for the period using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities, 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.

Deferred tax is provided on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the liability method. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using rates enacted or substantively enacted at the statement of financial position date.

(g) Financial instruments

(i) Recognition and initial measurement

Financial asset and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value net of transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement – financial assets

Classification

On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Classification and subsequent measurement – financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, FVOCI, or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of comprehensive loss.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of comprehensive loss. Any gain or loss on derecognition is recognized in the statement of comprehensive loss. Trade and other receivables are measured at amortized cost.

(iii) Classification and subsequent measurement - financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of comprehensive loss. Trade and other payables, bank indebtedness, demand loan, long-term debt, and the host contracts of convertible debt are measured at amortized cost. The conversion feature of convertible debt, which is an embedded derivative, is measured at FVTPL.

(iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iv) Derecognition (continued)

transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of comprehensive loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(vi) Impairment

The Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
-

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(vi) Impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(h) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. Significant accounting policies (continued)

(i) Convertible debt

Convertible debt, where applicable, is analyzed to identify the existence of any equity component or an embedded derivative. Embedded derivatives, if identified, are accounted for separately from the underlying contact at the inception date when their economic characteristics are not closely related to those of the host contract and the host contract is not carried as held for trading or designated as FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. All embedded derivatives are recognized at fair value on the date on which the derivative is entered into and are subsequently remeasured to fair value at each reporting date.

The fair value of the host contract is initially determined as the difference between the face value and the fair value of the embedded derivative component. Issuance costs of the convertible loans are applied as a reduction of proceeds and split pro-rata between the host contract and embedded derivative components. The issuance costs applied to the liability component are recognized as accretion expense over the term of the convertible loan, which is included in finance costs on the statement of comprehensive loss.

(j) Revenue

Partnership Contracts

Revenues associated with the production and sale of digital journalism content are recognized when the Company satisfies performance obligations under sales contracts, and the customer obtains control of the goods and/or services. Products and services may be sold separately or in bundled packages. For bundled packages, the Company determines whether individual products and services are distinct (if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their relative budgeted costs.

Media Subscriptions

The Company sells membership subscriptions for access to digital content. Once payment has been collected, the customer receives access to the digital content, upon which revenue is recognized.

(k) Accounting standards adopted during the period

The Company adopted the following new standards, along with any consequential amendments effective January 1, 2018:

- IFRS 9, “Financial Instruments” is effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the provisions of IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”) that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities are carried forward in IFRS 9.

  The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. The adoption of IFRS 9 did not impact the carrying value of financial assets or liabilities on the date of transition. The Company’s financial instruments are accounted for as follows under IFRS 9 as compared to the Company’s previous policy in accordance with IAS 39:

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(k) Accounting standards adopted during the period (continued)

Financial instrument	IAS 39	IFRS 9
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Demand loan	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Due to shareholders	Other financial liabilities	Amortized cost
Convertible debt (host)	Other financial liabilities	Amortized cost
Conversion feature of convertible debt	FVTPL	FVTPL

- IFRS 15, “Revenue from Contracts with Customers” is effective for annual periods beginning on or after January 1, 2018. IFRS 15 establishes a comprehensive five-step approach to revenue recognition.

There was no significant impact on the Company’s financial statements from the adoption of IFRS 15.

(l) Accounting standards and amendments issued but not yet adopted – Effective January 1, 2019:

The Company has not early adopted the following new standard.

- IFRS 16, “Leases” replaces IAS 17, “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The Company estimates to recognize approximately $284,000 as a right-of-use asset and a corresponding lease liability in connection with its lease of its office in Vancouver, BC.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

(m) Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year’s financial statement presentation.

4. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the carrying amount of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

4. Significant accounting estimates and judgments (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods.

The Company has identified the following areas where significant judgments, estimates and assumptions are made, where actual results may differ from these estimates and this may materially affect the Company's financial results or statement of financial position in future periods.

Significant areas requiring the use of management estimates include:

Convertible debt

The convertible debt includes a conversion feature, which is an embedded derivative and is required to be separately accounted for based on the conversion terms. The conversion feature is measured at fair value. The Company uses the Black-Scholes Option Pricing Model to determine fair value. The key inputs to the option pricing model include expected stock price volatility, expected life, and the risk-free interest rate.

Share-based payments

The fair value of stock options granted is calculated using the Black-Scholes Option Pricing Model and requires the use of inputs such as the expected stock price volatility, expected forfeiture rate, expected life, and the risk-free interest rate.

Significant areas requiring management judgement include:

Going concern

Assessment of the Company's ability to continue as a going concern requires management to make estimates of future cash flows, the outcome of which are uncertain.

Modification versus extinguishment of financial liability

Management's judgment is required in applying IFRS 9 in determining whether the amended and/or restated terms of existing loan agreements are a substantial modification of an existing financial liability and whether such should be accounted for as an extinguishment of the original financial liability.

5. Restatement

During fiscal 2018, the Company identified certain errors in its financial statements for the year ended December 31, 2017 and 2016. The errors relate to convertible debt, intangible assets, and revenue. In addition, during the current year, the Company decided to change its accounting policy with respect to the presentation of expenses, as it determined the presentation change would result in providing reliable and more relevant information about the effect of the transactions.

(a) The Company had incorrectly bifurcated the convertible debt issued on October 13, 2017 into liability and equity components rather than identifying the embedded derivative. In connection with the foregoing, the Company determined that the 2017 convertible debt should be presented as a host liability carried at amortized cost and an embedded derivative carried at fair value. The restatement resulted in an increase in net loss by $28,730 for the year ended December 31, 2017.

(b) For 2016 and 2017, the Company had incorrectly capitalized expenditures associated with website development costs. The Company determined that the costs do not meet the criteria for capitalization and should have been recognized in profit or loss as incurred. The restatement resulted in an increase in net loss by $32,176 and $74,155 respectively for 2016 and 2017.

(c) For 2017, the Company had incorrectly recognized income from grants as revenue. The Company has determined that the grants are not revenue, but rather should be reported as other income. As a result, $80,500 was reclassified from revenue to other income for 2017.

(d) In fiscal 2017, the Company had presented the expenses based on their function. In fiscal 2018, the Company determined that it is reliable and more relevant for the users of the financial statements to present expenses based on their nature. As a result, $623,752 was reclassified from cost of goods sold to salaries and wages ($576,698), travel ($38,043) and office ($9,011) for 2017.

The financial statements have been restated for the adjustments discussed above, as at December 31, 2017 and for the year then ended as detailed in the following tables.

Only item (b) has the impact on the balance sheet as at January 1, 2017 (the opening balances). Intangible assets of $32,176 were written off in their entirely. The opening balance of deficit increased by this same amount.

(Expressed in Canadian Dollars)

5. Restatement (continued)

Statement of financial position

As at December 31, 2017	Reference	As Previously Reported $	Adjustments $	As Restated $
Assets				
Intangible assets	(b)	106,331	(106,331)	-
Total assets	(b)	152,109	(106,331)	45,778
Liabilities				
Trade and other payables	(a)	40,033	(3,125)	36,908
Convertible debt	(a)	250,000	(82,897)	167,103
Conversion feature of convertible debt	(a)	-	111,627	111,627
Interest payable	(a)	-	3,125	3,125
Total liabilities	(a)	504,277	28,730	533,007
Deficiency				
Share capital		50,001	-	50,001
Deficit	(a)(b)	(402,169)	(135,061)	(537,230)
Total deficiency	(a)(b)	(352,168)	(135,061)	(487,229)
Total liabilities and deficiency	(a)(b)	152,109	(135,061)	45,778

Statement of comprehensive loss

For the year ended December 31, 2017	Reference	As Previously Reported $	Adjustments $	As Restated $
Revenue	(c)	770,921	(80,500)	690,421
Cost of goods sold	(d)	623,752	(623,752)	-
Salaries and wages	(d)	261,680	576,698	838,378
Office	(b)(d)	21,880	101,705	123,585
Finance costs	(a)	4,165	4,857	9,022
Travel	(d)	-	38,043	38,043
Amortization	(b)	18,539	(18,539)	-
Unrealized gain (loss) on embedded derivatives	(a)	-	(23,873)	(23,873)
Other income	(c)	-	80,500	80,500
Net loss and comprehensive loss for the year	(a)(b)	(317,499)	(102,885)	(420,384)

(Expressed in Canadian Dollars)

5. Restatement (continued)

Statement of cash flows:

For the year ended December 31, 2017	Reference	As Previously Reported $	Adjustments $	As Restated $
Net loss for the year	(a)(b)	(317,499)	(102,885)	(420,384)
Amortization	(b)	18,539	(18,539)	-
Accretion on convertible debt	(a)	-	4,857	4,857
Change in fair value of embedded derivatives	(a)	-	23,873	23,873
Changes in non-cash working capital:				
Trade and other payables	(a)	23,735	(3,125)	20,610
Interest payable	(a)	-	3,125	3,125
Cash used in operating activities	(a)(b)	(387,782)	(92,694)	(480,476)
Cash provided by financing activities		371,465	-	371,465
Acquisition of intangible assets	(b)	(92,694)	92,694	-
Cash provided by investing activities	(b)	(92,694)	92,694	-
Increase (decrease) in cash (bank indebtedness)		(109,011)	-	(109,011)

6. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office equipment and furniture	$ 14,004	$ 1,400	$ 12,604	$ -
Leasehold improvements	17,316	1,307	16,009	-
	$ 31,320	$ 2,707	$ 28,613	$ -

7. Bank indebtedness

The Company has a credit facility with a national chartered bank, which includes an approved operating line that can be drawn upon to a maximum of $150,000, which bears interest at prime plus 1%. The credit facility is secured by the collateral mortgage on a personal property owned by the principal shareholder and by the personal guarantee of the principal shareholder's spouse.

(Expressed in Canadian Dollars)

8. Demand loan

On May 25, 2017, the Company entered into a demand loan with a national chartered bank. The demand loan bears interest at prime plus 1% and is due on demand. The credit facility is secured by the collateral mortgage on a personal property owned by the principal shareholder and by the personal guarantee of the principal shareholder's spouse.

9. Long-term debt

On June 19, 2018, the Company entered into a loan agreement with a not-for-profit corporation, which provides support to certain selected entrepreneurs, with a principal balance of $200,000. The loan is non-interest bearing except in the event of default. The loan is repayable in 20 quarterly instalments of $10,000 commencing in June 2018, to be repaid in full by March 2023.

In December 2018, the Company completed a refinancing of this loan to amend the repayment terms. Amended repayment terms commence in February 2019 and the loan is repayable in monthly instalments of $4,000, to be repaid in full by March 2023. The loan continues to be non-interest bearing.

As at December 31, 2018, the Company's loan is scheduled to be repaid over the next five years as follows:

2019	$ 44,000
2020	48,000
2021	48,000
2022	48,000
2023	12,000
	$ 200,000

Subsequent to December 31, 2018, the Company completed another refinancing of this loan to further amend the repayment terms. The Company made principal payments of $12,000 prior to this refinancing. Under the revised terms, the loan is repayable in 16 quarterly instalments of $12,000 commencing in June 2019, to be repaid in full by March 2023.

Based on the revised terms, the loan is scheduled to be repaid over the next five years as follows:

2019	$ 36,000
2020	48,000
2021	48,000
2022	48,000
2023	8,000
	$ 188,000

10. Due to shareholders

(a) On June 19, 2018, the Company entered into a promissory note payable with a minority shareholder in the amount of $200,000. The promissory note bears interest at 5% per annum and accrues monthly, is unsecured and has no specified terms of repayment. The note matured on December 19, 2018. As of December 31, 2018, the Company was in violation of its repayment terms. Consequently, the entire loan has been classified as current on the statement of financial position including accrued interest of $5,342.

(Expressed in Canadian Dollars)

10. Due to shareholders (continued)

(b) The Company has advances payable in the amount of $71,678 (2017 - $71,678) to its principal shareholder. The advances carry no specific provision for interest or repayment, accordingly, the entire amount is classified as current.

11. Convertible debt

		2018		2017 (Restated – Note 5)
2017 convertible debt (a)	$	190,330	$	167,103
2018 convertible debt (b)		36,647		-
	$	226,977	$	167,103

		2018		2017 (Restated – Note 5)
2017 conversion feature of convertible debt (a)	$	94,172	$	111,627
2018 conversion feature of convertible debt (b)		44,303		-
	$	138,475	$	111,627

(a) On October 13, 2017, the Company raised $250,000 through the issuance of convertible debentures secured by all of the Company's assets with a maturity date of October 13, 2020. The debentures are convertible into common shares of the Company at the lower of (a) $0.87 per share (b) an amount specified by the Company or (c) the share price of an offering that has closed within the past 90 days. The debentures may be converted at any time on or prior to the maturity date in whole or in part, including accrued and unpaid interest. The principal amount may not be prepaid without the written approval of the lender. The debentures bear interest at a rate of 5% per annum, which is accrued monthly and is due upon maturity.

The debentures are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest method. The conversion feature is an embedded derivative included in a non-derivative "host" contract, with the effect that some of the cash flows of the combined instrument vary, according to the future share price of the Company, in a way similar to a standalone derivative.

The fair value of the conversion feature is determined by using the Black-Scholes Option Pricing Model with the following assumptions. The expected stock price volatility is based on level 3 inputs, whereas the other inputs are either level 1 or level 2 inputs.

	2018	2017
Risk-free interest rate	1.85%	1.75%
Expected dividend yield	0.00%	0.00%
Expected life (years)	1.79	2.79
Expected stock price volatility	50%	50%

For the year ended December 31, 2018, the Company recorded a fair value re-measurement gain of $17,455 (2017 – a loss of $23,873).

(Expressed in Canadian Dollars)

11. Convertible Debt (continued)

Accretion of $23,254 in relation to the host contract for the year ended December 31, 2018 (2017 - $4,857) is included in finance costs in the statement of comprehensive loss, together with $12,500 of interest expense per the term of the underlying debenture (2017 - $3,125). Interest payable at December 31, 2018 is $15,625 (2017 - $3,125).

(b) On March 1, 2018 and May 22, 2018, the Company issued a total of $80,150 of unsecured convertible debentures in exchange for services rendered by the associated note holder. The notes have a maturity date of March 1, 2022 and May 22, 2022, respectively.

Prior to the respective maturity dates, the convertible debentures are automatically convertible into common shares of the Company in the event of a qualified financing event (i.e. the Company's share issuance to arm's length investors raising a minimum of $500,000) or converted at the holder's discretion in the event of a non-qualified financing event (i.e. the Company's share issuance to arm's length investors raising less than $500,000).

The debentures may be converted into shares equal to the aggregate of principal and accrued interest, divided by the lowest share price paid by a third party investor less 20%. The principal amount may not be prepaid without the express consent of the lender. The debentures bear interest at a rate of 5% per annum, calculated daily and compounded monthly.

The debentures are initially recognized at fair value and subsequently re-measured at amortized cost. The conversion feature is an embedded derivative included in a non-derivative "host" contract.

The fair value of the conversion feature is determined by using the Black-Scholes Option Pricing Model with the following assumptions. The expected stock price volatility is based on level 3 inputs, whereas the other inputs are either level 1 or level 2 inputs.

	2018
Risk-free interest rate	1.87%
Expected dividend yield	0.00%
Expected life (years)	3.17
Expected stock price volatility	50%

For the year ended December 31, 2018, the Company recorded a fair value re-measurement gain of $3,594.

Accretion of $4,394 in relation to the host contract for the year ended December 31, 2018 is included in finance costs in the statement of comprehensive loss, together with $3,013 of interest expense per the term of the underlying debenture. Interest payable at December 31, 2018 is $3,013.

12. Share capital and reserves

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares with no par value.

(i) On January 16, 2018, the Company closed a brokered offering memorandum placement of 228,930 shares at a price of $1.00 per share for gross proceeds of $228,930. Shares issued were subject to a Voting Trust Agreement and shareholders will not have the legal right to vote such shares.

(Expressed in Canadian Dollars)

12. Share capital and reserves (continued)

(a) Common Shares (continued)

(ii) On January 16, 2018, the Company closed a non-brokered private placement of 50,000 shares at a price of $1.00 per share for gross proceeds of $50,000. Funds were collected in fiscal 2017 and recorded as shares to be issued as at December 31, 2017 (all issued during fiscal 2018).
(iii) On December 20, 2018, the Company issued 56,500 shares at a price of $1.00 per share in exchange for consulting services with unrelated parties.
(iv) On December 21, 2018, the Company closed a brokered offering memorandum placement of 45,600 shares at a price of $1.00 per share for gross proceeds of $45,600. Shares issued were subject to a Voting Trust Agreement and shareholders will not have the legal right to vote such shares. Proceeds of $20,000 were not collected until subsequent to December 31, 2018 and accordingly, have been recorded as subscriptions receivable.
(v) On December 21, 2018, the Company closed a non-brokered private placement of 125,000 shares at a price of $1.00 per share for gross proceeds of $125,000.
(vi) Total share issuance costs incurred for the year ended December 31, 2018 were $36,177.

(b) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants of the Company. Under the terms of the plan, the exercise price of each option may not be less than the fair market value of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of five years and vesting periods are determined by the Board of Directors.

The continuity of options for the period ended December 31, 2018 is summarized below:

	Number		Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2017	-	$	-
Granted	498,911		1.00
Forfeited	(155,680)		1.00
Outstanding and exercisable, December 31, 2018	343,231	$	1.00

As at December 31, 2018, 126,246 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price		Expiry Date
95,741	$	1.00	May 15, 2023
30,505		1.00	June 26, 2023
126,246			

The weighted average remaining life for the options outstanding and exercisable at December 31, 2018 is 4.24 years.

During the year ended December 31, 2018, stock-based compensation in the amount of $109,539 was recognized for the stock options.

(Expressed in Canadian Dollars)

12. Share capital and reserves (continued)

(b) Stock Options (continued)

The following weighted average assumptions were used for the valuation of stock options:

	2018
Risk-free interest rate	2.30%
Expected life of options	5 years
Annualized volatility	50%
Forfeiture rate	29.10%

13. Revenue

Major components of revenue are as follows:

		2018		2017 (Restated – Note 5)
Partnership contracts	$	145,,238	$	690,421
Membership subscriptions		15,413		-
Services		14,501		-
	$	175,152	$	690,421

Deferred revenue consists of deposits received in advance for partnership contracts. Total deferred revenue as at December 31, 2018 is $89,795 (2017 - $5,952).

14. Key Management Compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and officers.

Details of key management personnel compensation are as follows:

		2018		2017 (Restated – Note 5)
Salaries and wages	$	75,345	$	226,664
Share-based payments		25,954		-
Key management personnel compensation	$	101,299	$	226,664

		December 31, 2018		December 31, 2017 (Restated – Note 5)
Balances payable to key management personnel	$	71,678	$	71,678

(Expressed in Canadian Dollars)

15. Income Tax

The Company's provision for income taxes differs from amounts computed by applying the combined Canadian federal and provincial income tax rates, as a result of the following:

		2018		2017
Statutory rate		11.00%		12.50%
Income tax recovery computed at statutory rate	$	125,245	$	52,548
Change in deferred tax assets not recognized		(108,754)		(49,551)
Permanent differences		(12,375)		(628)
Effect of different tax rate and others		(4,116)		(2,369)
Recovery of (provision for) income taxes	$	-	$	-

Unrecognized deductible temporary differences and unused tax losses are as follows:

		2018		2017
Non-capital loss carry forwards	$	167,789	$	62,662
Share issuance costs		3,184		-
Temporary difference for convertible debt		1,942		1,796
Others		297		-
	$	173,212	$	64,458

At December 31, 2018, the Company has non-capital losses of approximately $1,526,000 which may be carried forward to apply against future year's income for Canadian income tax purposes, subject to final determination by taxation authorities, expiring as follows:

2036	$	115,000
2037		387,000
2038		1,024,000
	$	1,526,000

16. Financial instruments

The Company's financial instruments include trade and other receivables, trade and other payables, bank indebtedness, demand loan, long-term debt, due to shareholders and convertible debt. The carrying value of trade and other receivables, bank indebtedness, demand loan, trade and other payables, long-term debt and the host contract in the convertible debt approximates their fair values due to the relatively short periods to maturity and/or the terms of these instruments. The fair value of due to shareholders is not determinable due to the nature of the instruments.

Financial instruments subject to fair value measurement must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

(Expressed in Canadian Dollars)

16. Financial instruments (continued)

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
Level 3: Inputs that are not based on observable market data.

The Company's financial instruments have been classified as follows:

Financial instrument	Classification	Fair value hierarchy
Conversion feature of convertible debt	FVTPL	level 3

Risk exposure and management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, and interest rate risk.

(a) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its trade and other receivables. Management believes the risk of loss to be minimal. As at December 31, 2018, the Company's maximum credit risk is the carrying value of trade and other receivables.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. As at December 31, 2018, the Company has a working capital deficiency of $627,386. The Company manages liquidity risk by closely monitoring its cash balance and raising funds through equity or debt financing, where available (Note 1).

Contractual undiscounted cash flow requirements of financial liabilities at December 31, 2018 are as follows:

	Carrying value	Contractual cash flows	Less than 1 year	Between 2 – 5 years	More than 5 years	Total
Bank indebtedness	$ 135,370	$ 135,370	$ 135,370	$ -	$ -	$ 135,370
Demand loan	65,935	65,935	65,935	-	-	65,935
Trade and other payables	45,454	45,454	45,454	-	-	45,454
Long-term debt	200,000	200,000	44,000	156,000	-	200,000
Due to shareholders	277,020	277,020	277,020	-	-	277,020
Convertible debt (including conversion feature)	365,452	330,150	-	330,150	-	330,150
Interest payable	18,638	18,638	-	18,638	-	18,638

(c) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates. The Company does not carry any hedging activities to mitigate the risk.

(Expressed in Canadian Dollars)

17. Management of capital

The Company manages its capital to ensure it will be able to continue as a going concern and continue the funding of its operating activities. As described in Notes 1 and 16(b), the Company seeks opportunities to raise funds through equity financing. The Company is not exposed to any externally imposed capital requirements.

18. Commitment

On December 5, 2017, the Company entered into a lease agreement for office space in Vancouver, BC, Canada. This agreement is effective from March 1, 2019 and expires on February 28, 2023. The minimum annual lease payments are as follows:

2019	$	80,807
2020		82,579
2021		82,934
2022		84,706
2023	$	14,177

19. Subsequent events

(a) During fiscal 2018, the Company entered into an agreement with a consulting company that provides digital content services. Under the agreement, the Company is to pay $60,000 and issue 15,000 shares upon completion of the services to be delivered during 2019. Subsequently in fiscal 2019, the Company re-negotiated the terms of the agreement and agreed that it would instead pay $10,000 and issue 36,000 shares.

(b) On February 20, 2019, the Company entered into a sublease agreement whereby a sub-tenant leases the Company's office space from May 2019 to March 2022. The Company will receive a basic annual rent of $89,313, $91,440, and $85,769 respectively for the first, second, and third years.

(c) On March 25, 2019, the Company commenced a private offering of unsecured convertible debentures, seeking up to a maximum amount of $750,000. The notes will have a maturity date of four years from the date of closing and bear interest at 5% per annum calculated monthly. The convertible debentures, before the maturity date, are automatically converted into common shares of the Company in the event of a qualified financing event (i.e. the Company's share issuance to arm's length investors raising a minimum of $50,000) or converted at the holder's discretion in the event of a non-qualified financing event (i.e. the Company's share issuance to arm's length investors raising less than $500,000). Upon signing a term sheet of the private offering with an investor, the Company received $75,000 in cash.

(d) On May 7, 2019, the Company received $30,000 as part of a private offering (Note 19(c)).

(e) On October 15, 2019, employees exercised stock options for 52,070 shares of the Company.