

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Imagination Park Technologies Inc. (the "Issuer").

Trading Symbol: IP

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

The Issuer's unaudited interim consolidated financial statements for the period ended May 31, 2019 are attached as Schedule A.

SCHEDULE A: SUPPLEMENTARY INFORMATION

The supplementary information set out below can be found in the Issuer's financial statements attached as Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

The Issuer's Management Discussion & Analysis for the period ended May 31, 2019 is attached.

Certificate Of Compliance

The undersigned hereby certifies that:

- 1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
- 2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
- 3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
- 4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated July 30, 2019

Alen Paul Silverrstieen
Name of Director or Senior Officer

/s/ Alen Paul Silverrstieen
Signature

President & CEO
Official Capacity

Issuer Details		For Quarter Ended	Date of Report
Name of Issuer		2019/05/31	YY/MM/D 2019/07/30
Imagination Park Technologies Inc.			
Issuer Address			
510-580 Hornby Street			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Vancouver, BC, V6C 3B6		()	(818) 850-2490
Contact Name		Contact Position	Contact Telephone No.
Frances Murphy		Corporate Secretary	(604) 558-4300-21
Contact Email Address		Web Site Address	
fmurphy@crossdavis.com		www.imaginationpark.com	

SCHEDULE "A"

UNAUDITED FINANCIAL STATEMENTS FOR PERIOD ENDED MAY 31, 2019



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

(UNAUDITED – PREPARED BY MANAGEMENT)

**FOR THE NINE MONTHS ENDED MAY 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)**

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Imagination Park Technology have been prepared by and are the responsibility of management and have approved by the Board of Directors.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

IMAGINATION PARK TECHNOLOGIES INC.
(FORMERLY IMAGINATION PARK ENTERTAINMENT INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	May 31, 2019	August 31, 2018
ASSETS		
Current		
Cash	\$ 875,754	\$ 324,938
Receivables (Note 6)	106,139	147,047
Prepaid expenses (Note 7)	49,982	90,858
Total current assets	1,031,875	562,843
Reclamation bonds (Note 8)	5,040	5,040
Intangible assets (Note 10)	6,040,682	6,642,803
Investment in Kindergarten Holdings Inc.	12,801	12,801
Total assets	\$ 7,090,398	\$ 7,223,487
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 11 and 14)	\$ 286,549	\$ 595,888
Loans payable	-	425
Convertible promissory note (Note 12)	-	2,007,025
Total liabilities	286,549	2,603,338
Shareholders' equity		
Capital stock (Note 13)	23,851,616	19,902,634
Reserves (Note 13)	4,554,908	4,280,305
Deficit	(21,602,675)	(19,562,790)
Total shareholders' equity	6,803,849	4,620,149
Total liabilities and shareholders' equity	\$ 7,090,398	\$ 7,223,487

See accompanying notes to the condensed interim consolidated financial statements.

Nature and continuance of operations (Note 1)

Subsequent events (Note 17)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on July 30, 2019

On behalf of the Board:

“Sheldon Inwentash”, Director

“Gerry Feldman”, Director

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINATION PARK TECHNOLOGIES INC.
(FORMERLY IMAGINATION PARK ENTERTAINMENT INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Three months ended		Nine months ended	
	2019	May 31, 2018	2019	May 31, 2018
REVENUE	\$ 7,161	\$ -	\$ 91,117	\$ -
EXPENSES				
Accretion of convertible promissory note (Note 12)	466,679	-	692,857	-
Consulting fees and management fees (Note 14)	36,152	526,311	817,161	950,596
Depreciation (Note 10)	1,104,215	-	1,104,215	-
Foreign exchange loss	41,927	3,202	75,384	24,850
Interest expense	-	10,000	-	10,000
Office, rent, and miscellaneous	94,595	43,290	262,949	61,165
Pre-production expenses	-	53,654	13,094	278,146
Professional fees	100,665	77,284	217,671	188,504
Share-based compensation (Note 13 and 14)	187,615	133,269	274,603	2,005,616
Shareholder communications and promotion	47,961	200,333	290,862	332,205
Software costs	23,458	-	23,458	-
Transfer agent and filing fees	1,609	15,935	21,730	36,161
Travel and accommodation	5,282	34,054	55,689	146,475
Wages and salaries	133,415	-	633,566	-
	(2,243,573)	(1,097,332)	(4,483,239)	(4,033,718)
OTHER				
Fair value gain on acquisition of Xenoholographic	-	1,400,577	-	1,400,577
Gain on revaluation of derivative liability (Note 12)	1,000	-	358,000	-
Gain on sale of subsidiary (Note 5)	-	-	8,758	-
Gain on settlement of debt (Notes 11 and 12)	1,901,790	-	1,919,407	4,650
Share of loss in equity accounted investment	-	(9,641)	-	(38,316)
Write off of accounts payable (Note 11)	23,795	-	66,072	-
	1,926,585	1,390,936	2,352,237	(1,366,911)
Net loss and comprehensive loss for the period	\$ (309,827)	\$ 293,604	\$ (2,039,885)	\$ (2,666,807)
Basic and diluted net loss per common share	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	102,508,701	66,003,525	95,645,338	63,830,915

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINATION PARK TECHNOLOGIES INC.
(FORMERLY IMAGINATION PARK ENTERTAINMENT INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Nine months ended May 31,	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,039,885)	\$ (2,666,807)
Items not affecting cash:		
Depreciation	1,104,215	-
Share-based compensation	274,603	2,005,616
Accretion of convertible promissory note	692,857	-
Write off of accounts payable	(66,072)	-
Gain on settlement of debt	(1,919,407)	(10,305)
Gain on revaluation of convertible promissory note	(358,000)	-
Gain on sale of Imagination Park Alberta Ltd.	(8,758)	-
Share of loss in equity accounted investment before the acquisition	-	38,316
Gain on increased fair value of the first 50% investment in Xenoholographic	-	(1,400,577)
Foreign exchange loss	78,579	-
Change in non-cash working capital items:		
Decrease (increase) in receivables	41,983	(151,373)
Decrease (increase) in prepaid expenses	40,876	(145,512)
Decrease in accounts payable and accrued liabilities	(165,493)	(71,635)
Increase in deposit	-	15,500
Net cash flows used in operating activities	<u>(2,324,502)</u>	<u>(2,386,777)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	3,009,008	3,160,449
Share issuance costs	(3,696)	(14,099)
Proceeds from option exercises	-	141,855
Proceeds from warrant exercises	-	207,632
Net cash flows provided by financing activities	<u>3,005,312</u>	<u>3,495,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used for purchase of intangible assets (Note 10)	(77,094)	-
Cash received on acquisition of 1142128 B.C. Ltd.	-	115,126
Investment in Xenoholographic Inc.	-	(1,495,407)
Cash received on acquisition of Xenoholographic Inc.	-	4,225
Cash relinquished on sale of Imagination Park Alberta Ltd.	(52,900)	-
Net cash flows used in investing activities	<u>(129,994)</u>	<u>(1,376,056)</u>
Change in cash	550,816	(266,996)
Cash, beginning of period	<u>324,938</u>	<u>528,401</u>
Cash, end of period	<u>\$ 875,754</u>	<u>\$ 261,405</u>
Cash paid for taxes during the period	\$ -	\$ -
Cash paid for interest during the period	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 15)

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINATION PARK TECHNOLOGIES INC.
(FORMERLY IMAGINATION PARK ENTERTAINMENT INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Number of shares	Capital stock	Treasury shares/ obligation to issue shares	Reserves			Deficit	Total
				Share-based payment reserve	Warrant reserve			
Balance, August 31, 2017	61,589,503	\$ 15,121,397	\$ -	\$ 1,556,162	\$ 337,830	\$ (16,522,209)	\$ 493,180	
Issued pursuant to private placements	7,685,999	3,160,449	-	-	-	-	3,160,449	
Issued pursuant to the acquisition of Prodigy Films Inc.	71,428	44,285	-	-	-	-	44,285	
Issued pursuant to the acquisition of 1142128 B.C. Ltd.	62,500	56,875	-	-	-	-	56,875	
Issued pursuant to the acquisition of Xenoholographic Inc. .	1,828,571	594,286	-	-	-	-	594,286	
Finders' fees – cash	-	(4,800)	-	-	-	-	(4,800)	
Finders' fees – shares	86,929	-	-	-	-	-	-	
Finders' fees – warrants	-	(8,875)	-	-	8,875	-	-	
Exercise of options	678,000	141,855	-	-	-	-	141,855	
Fair value of exercised options	-	116,288	-	(116,288)	-	-	-	
Exercise of warrants	636,160	207,632	-	-	-	-	207,632	
Fair value of exercised warrants	-	11,944	-	-	(11,944)	-	-	
Share issuance costs	-	(9,299)	-	-	-	-	(9,299)	
Obligations to issue shares	-	-	7,500	-	-	-	7,500	
Share-based compensation	-	-	-	1,390,297	-	-	1,390,297	
Warrants issued pursuant to bridge loan agreement	-	-	-	-	615,319	-	615,319	
Net and comprehensive loss for the period	-	-	-	-	-	(2,666,807)	(2,666,807)	
Balance, May 31, 2018	72,639,090	\$ 19,432,037	\$ 7,500	\$ 2,830,171	\$ 950,080	\$ (19,189,016)	\$ 4,030,772	
Balance, August 31, 2018	76,381,470	\$ 19,902,634	\$ -	\$ 3,111,529	\$ 1,168,776	\$ (19,562,790)	\$ 4,620,149	
Issued pursuant to private placements	25,075,068	3,009,008	-	-	-	-	3,009,008	
Issued pursuant to purchase of intangible assets	5,000,000	425,000	-	-	-	-	425,000	
Issued pursuant to settlement of promissory note	6,915,600	518,670	-	-	-	-	518,670	
Share issuance costs	-	(3,696)	-	-	-	-	(3,696)	
Share-based compensation	-	-	-	274,603	-	-	274,603	
Net and comprehensive loss for the period	-	-	-	-	-	(2,039,885)	(2,039,885)	
Balance, May 31, 2019	113,372,138	\$ 23,851,616	\$ -	\$ 3,386,132	\$ 1,168,776	\$ (21,602,675)	\$ 6,803,849	

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Imagination Park Technology Inc. (formerly Imagination Park Entertainment Inc.) (“the Company”) is a public company domiciled in Canada incorporated in British Columbia under the laws of the Business Corporation Act (BC, Canada) on October 11, 2011. On April 17, 2019, the Company was continued under the Canadian Business Corporations Act. The Company's head office is located at 1108 – 1238 Seymour Street, Vancouver, BC, V6B 6J3.

The Company’s core business is to deliver engaging and interactive content to users through a cloud-based augmented reality platform. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the ticker symbol “IP”.

The condensed interim consolidated financial statements of the Company as at and for the nine months ended May 31, 2019 comprise the Company and its subsidiaries (together referred to as the “Company” and individually as “Company entities”).

The condensed consolidated interim financial statements have been prepared on the assumption 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 operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, complete additional equity financing, and generate profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations however; there is no assurance that these funds will be available on terms acceptable to the Company or at all. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. The condensed consolidated interim financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF MEASUREMENT AND PRESENTATION

These condensed consolidated interim financial statements, including comparatives, have been prepared using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions and do not include all the matters normally disclosed in the Company’s audited financial statements and are therefore referred to as condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended August 31, 2018.

The policies applied in these condensed consolidated interim financial statements are presented below and are based on IFRS issued and outstanding as of May 31, 2019. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending August 31, 2019 could result in restatements of these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for investments, and the derivative liabilities which are classified as available-for-sale or held-for-trading and measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

2. BASIS OF MEASUREMENT AND PRESENTATION (continued)

The consolidated financial statements include the financial information of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at May 31, 2019	Ownership Interest at August 31, 2018	Principal Activity
1142128 B.C. Ltd.	Canada	100%	100%	Movie production
Imagine AR Inc. (formerly Xenoholographic Inc.)	United States	100%	100%	Virtual reality
Prodigy Films Inc.	Canada	100%	100%	Movie production
Imagination Park Alberta Ltd.	Canada	-	100%	Movie production
3 Seconds Holdings Inc.	Canada	66.67%	66.67%	Movie investment

The condensed interim consolidated financial statements include the financial statements of 1142128 B.C. Ltd. from its date of acquisition on January 24, 2018, Imagination Park Alberta Ltd. from its incorporation on April 9, 2018, Xenoholographic Inc. from the date control was acquired on May 29, 2018, Prodigy Films Inc. from its date of acquisition on December 20, 2017, and 3 Seconds Holdings Inc. from its date of acquisition on February 22, 2018. During the period ended May 31, 2019, the Company sold Imagination Park Alberta Ltd.

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting standards and interpretations

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9") introduces new requirements for the classification and measurement of financial instruments. Management adopted this standard in the Company's consolidated financial statements for the period beginning September 1, 2018, and this standard does not have a significant impact on the Company's existing accounting policies or financial statement presentation.

IFRS 15 Revenue from Contracts with Customers: The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. Management adopted this standard in the Company's consolidated financial statements for the period beginning September 1, 2018, and this standard does not have a significant impact on the Company's existing accounting policies or financial statement presentation.

Future accounting changes

IFRS 16 Leases: The new standard specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. Applicable to annual periods beginning on or after January 1, 2019. The eventual application of this standard is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholders' equity.

The Company is dependent on external financing to fund its activities. In order to carry out future transactions and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess additions to its media business if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period presented. The Company and its subsidiaries are not subject to externally imposed capital requirements.

5. SALE OF SUBSIDIARY – IMAGINATION PARK ALBERTA LTD.

Effective December 10, 2018, the Company sold all of the outstanding shares of its subsidiary Imagination Park Alberta Ltd. to a former director of the Company. In consideration, the Company received \$6,000, which resulted in a gain of \$8,758.

As at the date of the disposition, the following assets and liabilities associated with the disposal were classified as follows:

	<i>Carrying value at December 10, 2018</i>	
Asset held for sale:		
Cash	\$	58,900
Liabilities held for sale:		
Current liabilities	\$	61,658

6. RECEIVABLES

The receivables balance is comprised of the following items:

	<i>May 31,</i> <i>2019</i>	<i>August 31,</i> <i>2018</i>
Sales tax receivable from the Federal Government	\$ 93,297	\$ 137,342
Other	5,526	-
Due from related parties (Note 14)	7,316	9,705
	\$ 106,139	\$ 147,047

7. PREPAID EXPENSES

The prepaid expense balance is comprised of the following items:

	<i>May 31,</i> <i>2019</i>	<i>August 31,</i> <i>2018</i>
Consulting	\$ 31,652	\$ 89,877
Professional	-	981
Other	18,330	-
Total	\$ 49,982	\$ 90,858

8. RECLAMATION BONDS

The reclamation bonds balance at May 31, 2019 of \$5,040 (August 31, 2018 - \$5,040) relates to the Company's previously held mineral properties.

9. ASSET ACQUISITIONS

Asset purchase agreements

i) Prodigy Films Inc.

On December 20, 2017, the Company purchased a 100% interest in a private company, Prodigy Inc. by issuing 71,428 common shares. The fair value of the 71,428 common shares was determined to be \$0.62 per common shares, based on the trading price at the date of issuance for consideration of \$44,285. The acquisition was determined to be an asset acquisition and the total consideration was allocated to an option for a script. Effective December 20, 2017, the Company included the operations of Prodigy Films Inc. in the consolidated financial statements. During the year ended August 31, 2018, there has been no activity.

During the year ended August 31, 2018 the Company recorded an impairment of \$44,285 due to uncertainty around future benefits.

Revenue participation agreements

During the year ended August 31, 2015, the Company signed revenue participation agreements with directors, subsequently amended, to acquire the rights to share potential revenue from upcoming films. The Company issued 3,400,000 shares valued at \$510,000 (based on the market price on the date shares were issued) as consideration for the acquisitions. During the year ended August 31, 2016, 1,700,000 shares were cancelled and returned to treasury valued at \$255,000. During the year ended August 31, 2017, an additional 1,700,000 shares were cancelled and returned to treasury valued at \$255,000 and the Company issued 2,665,000 common shares at \$0.10 to Triton Films Inc., a company wholly-owned by Gabriel Napora, former director of Imagination Park, pursuant to the initial exercise of its option under the revenue participation agreement, which was amended during the three months ended November 30, 2016 to acquire the rights to share potential revenue from upcoming films.

3 Seconds Holdings Inc.

During the year ended August 31, 2018, the Company acquired 66.67% of the outstanding share capital of 3 Seconds Holdings Inc. in consideration for a cash payment of \$126,659 (US\$100,000). The acquisition was determined to be an asset acquisition and the total consideration, including the non-controlling interest, of \$189,989 was allocated to a net profit interest in the film "The Informant". Effective February 22, 2018, the Company included the operations of 3 Seconds Holdings Inc. in the consolidated financial statements.

During the year ended August 31, 2017, the Company issued 561,000 common shares at \$0.10 to Robinson Media Inc., a company owned by Timothy Marlowe, former director of Imagination Park, pursuant to the acquisition of a 10% net profits interest in a full length documentary 'Food for Thought'.

During the year ended August 31, 2018, \$189,989 of net profit interests acquired were expensed due to uncertainty around future benefits.

10. INTANGIBLE ASSETS

	<i>Software platform and application</i>	<i>Patent portfolio</i>	<i>Total Intangible Assets</i>
Balance August 31, 2017	\$ -	\$ -	\$ -
Mobile software application, cost of acquired assets	6,392,465	-	6,392,465
Additions	250,338	-	250,338
Balance August 31, 2018	6,642,803	-	6,642,803
Additions	27,094	475,000	502,094
Depreciation	(1,102,513)	(1,702)	(1,104,215)
Balance May 31, 2019	\$ 5,567,384	\$ 473,298	\$ 6,040,682

On December 1, 2018, intangible assets, comprising a mobile software platform and applications for augmented reality content, were commercially viable and available for use. The mobile software platform and applications was amortized using the straight-line method over their estimated useful life of 3 years.

In addition, the Company acquired a patent portfolio relating to the augmented reality industry in consideration for \$50,000 in cash and 5,000,000 shares valued at \$425,000 (Note 12). The patent portfolio was amortized using the straight-line method over a period of 13 years, the expected useful life.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The payables balance is comprised of the following items:

	<i>May 31, 2019</i>	<i>August 31, 2018</i>
Trade payables	\$ 222,533	\$ 505,151
Related parties (Note 13)	18,936	63,027
Accrued liabilities	45,080	27,710
Total	\$ 286,549	\$ 595,888

During the nine month period ended May 31, 2019, the Company:

- i) wrote-off outstanding payable of \$66,072 due to the statute of limitations on amounts has lapsed.
- ii) settled \$32,469 of payables for \$14,852, which resulted in a gain of \$17,617.

12. CONVERTIBLE PROMISSORY NOTE

The discount on the convertible promissory note is amortized using the effective interest method over the one-year term of the promissory note. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in profit or loss and a credit to convertible promissory note. For the year ended August 31, 2018, \$209,750 of accretion expense from the debt discount was recorded by the Company. During the period ended May 31, 2019, the Company recorded \$692,857 of accretion expense from the debt discount.

The Company issued 6,915,600 shares valued at \$518,670 and settled \$2,420,460 of convertible promissory note, which resulted in a gain of \$1,901,790 during the period ended May 31, 2019.

The fair value of the derivative liability as at May 31, 2019 was estimated as \$Nil (August 31, 2018 - \$358,000) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0% (August 31, 2018 - 0%), expected volatility of 113% (August 31, 2018 - 113%) based on historical volatility, risk free interest rate of 1.66% (August 31, 2018 - 1.66%), share price of \$0.08 (August 31, 2018 - \$0.22), and an expected life of Nil years (August 31, 2018 - 0.75). The convertible promissory note is shown as a current liability as the debt's maturity date is fewer than 12 months from August 31, 2018.

	<i>Liability</i>	<i>Derivative Liability</i>	<i>Total</i>
Balance August 31, 2017	\$ -	\$ -	\$ -
Issuance of convertible promissory note	1,445,380	893,000	2,338,380
Accretion	209,750	-	209,750
Revaluation of derivative liability	-	(535,000)	(535,000)
Foreign exchange gain	(6,105)	-	(6,105)
Balance August 31, 2018	1,649,025	358,000	2,007,025
Accretion	692,857	-	692,857
Revaluation of derivative liability	-	(358,000)	(358,000)
Foreign exchange loss	78,578	-	78,578
Issuance of 6,915,600 common shares	(2,420,460)	-	(2,420,460)
Balance May 31, 2019	\$ -	\$ -	\$ -

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital stock

The Company has authorized an unlimited number of common shares without par value.

During the period ended May 31, 2019, the Company:

- i) closed a non-brokered private placement financing of 25,075,068 units at a price of \$0.12 per unit raising total proceeds of \$3,009,008. Each unit comprises of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.25 expiring on November 5, 2021. The Company paid cash finder's fee of \$3,696 as share issuance costs .
- ii) issued 6,915,600 shares valued at \$518,670 and settled \$2,420,460 of convertible promissory note, which resulted in a gain of \$1,901,790 (Note 12).
- iii) issued 5,000,000 shares valued at \$425,000 in consideration of a patent portfolio for the augmented reality industry (Note 10).

Share purchase warrants

At May 31, 2019 warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price (\$)	Number of warrants	Remaining contractual life (years)	Currently exercisable
June 22, 2019*	0.35	329,600	0.06	329,600
June 22, 2019*	0.35	3,200	0.06	3,200
September 28, 2019	0.32	30,000	0.33	30,000
November 14, 2019	0.37	93,750	0.46	93,750
January 10, 2020	0.65	450,000	0.61	450,000
March 19, 2020	0.70	1,389,928	0.80	1,389,928
November 14, 2020	0.32	2,500,000	1.46	2,500,000
May 16, 2021	0.25	4,758,571	1.96	4,758,571
August 9, 2021	0.25	3,700,000	2.19	3,700,000
November 5, 2021	0.25	25,075,068	2.44	25,075,068
		<u>38,330,117</u>		<u>38,330,117</u>

* subsequently expired

13. **CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)**

Share purchase warrants (continued)

The following is a summary of the warrant transactions during the period ended May 31, 2019 and the year ended August 31, 2018:

	Nine months ended May 31, 2019		Year ended August 31, 2018	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	13,255,049	\$ 0.33	553,840	\$ 0.34
Warrants issued -pursuant to private placements			10,822,249	0.33
	25,239,318	0.25		0.80
Warrants issued -pursuant to broker's warrants			15,120	0.35
	-	-		1.00
Warrants issued - pursuant to bridge loan (Note 13)	-	-	2,500,000	0.32
Warrants exercised	-	-	(636,160)	0.33
Balance, end of period	38,494,367	\$ 0.28	13,255,049	\$ 0.33

Broker warrants were valued at \$Nil (year ended August 31, 2018 - \$8,875), using the Black Scholes option pricing model.

The weighted average issuance date fair value of warrants issued during the period ended May 31, 2019 was \$Nil per warrant (year ended August 31, 2018 - \$0.25).

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of broker warrants and loan warrants issued in the period ended May 31, 2019 and the year ended August 31, 2018:

	Period ended May 31, 2019	Year ended August 31, 2018
Risk-free interest rate	-	1.44%
Expected life of warrants	-	2.00 years
Expected annualized volatility	-	190%
Expected dividend rate	-	0%
Stock price	-	\$0.35
Exercise price	-	\$0.32

Stock options

The Company may grant stock options pursuant to a stock option plan. The Board of Directors administers the plan, pursuant to which the Board of Directors may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants and advisors. The options can be granted for a maximum of five years.

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options (continued)

As at May 31, 2019, the following incentive stock options were outstanding:

Expiry Date	Exercise price (\$)	Number of Options	
		Outstanding	Exercisable
August 13, 2021	0.17	250,000	250,000
August 24, 2021	0.24	212,500	212,500
September 28, 2021	0.14	500,000	500,000
November 16, 2021	0.15	50,000	50,000
February 1, 2022	0.10	100,000	25,000
February 3, 2022	0.05	317,100	317,100
March 25, 2022	0.055	100,000	25,000
April 12, 2022	0.50	40,000	40,000
April 18, 2022	0.31	750,000	750,000
July 4, 2022	0.26	250,000	250,000
November 9, 2022	0.28	325,000	325,000
April 11, 2024	0.60	2,000,000	2,000,000
May 14, 2024	0.90	1,000,000	1,000,000
		5,894,600	5,744,600

The following is a summary of the option transactions during the period ended May 31, 2019 and year ended August 31, 2018:

	Nine months ended May 31, 2019		Year ended August 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	6,817,238	\$ 0.27	4,375,488	\$ 0.25
Options granted	4,585,000	0.49	5,502,650	0.39
Options exercised	-	-	(678,000)	0.21
Options expired/cancelled	(5,507,638)	0.26	(2,382,900)	0.53
Balance, end of the period	5,894,600	\$ 0.46	6,817,238	\$ 0.27

The weighted average issuance date fair value of stock options granted during the period ended May 31, 2019 was \$0.09 per option (August 31, 2018 - \$0.55).

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options (continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the period ended May 31, 2019 and year ended August 31, 2018:

	Nine months ended May 31, 2019	Year ended August 31, 2018
Risk-free interest rate	1.73%	1.85%
Expected life of options	4.63 years	3.95 years
Expected annualized volatility	203%	153%
Exercise price	\$0.08	\$0.39
Expected dividend rate	0%	0%

Share based compensation

During the period ended May 31, 2019, the Company granted the following options:

- i) issued 35,000 stock options to a consultant of the Company. The options are valued at \$4,143, exercisable at \$0.135 per share, expiring on September 28, 2020. The options are vested immediately.
- ii) issued 500,000 stock options to a consultant of the Company. The options are valued at \$66,108, exercisable at \$0.135 per share, expiring September 28, 2021. The options are vested immediately.
- iii) issued 100,000 stock options to a director of the Company. The options are valued at \$6,962, exercisable at \$0.12 per share, expiring on December 12, 2021. The options are vested immediately.
- iv) issued 100,000 stock options to a director of the Company. The options are valued at \$6,387, exercisable at \$0.10 per share, expiring on February 1, 2022. The options are vested in equal tranches on the first, second, third anniversaries of the grant date.
- v) issued 50,000 stock options to a consultant of the Company. The options are valued \$4,175, exercisable at \$0.09 per share, expiring on December 20, 2023. The options vested immediately.
- vi) issued 700,000 stock options to a former officer of the Company. The options are valued at \$54,988, exercisable at \$0.09 per share, expiring on January 9, 2024. The options are vested in equal tranches over a one-year period from the grant date. The options were cancelled due to the resignation with the Company.
- vii) issued 100,000 stock options to a consultant of the Company. The options are valued at \$4,652, exercisable at \$0.055 per share, expiring on March 25, 2022. The options are vested in equal tranches over a one-year period from the grant date.
- viii) issued 2,000,000 stock options to directors of the Company. The options are valued \$98,130, exercisable at \$0.06 per share, expiring on April 11, 2024. The options vested immediately.
- ix) issued 1,000,000 stock options to directors of the Company. The options are valued \$88,504, exercisable at \$0.09 per share, expiring on May 14, 2024. The options vested immediately.

14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the nine month period ended May 31, 2019, the Company paid or accrued:

- i) management and consulting fees of \$189,618 (2018 - \$198,446), to the CEO of the Company, namely Alen Paul Silverstien.
- ii) consulting fees of \$51,000 (2018 - \$136,500) to Triton Films Inc., a corporation owned by a former director and former CEO of the Company, namely Gabriel Napora.
- iii) consulting fees of \$Nil (2018 - \$11,500) to a former director of the Company, namely Tim Marlowe.
- iv) consulting fees of \$Nil (2018 - \$120,750) to a former director of the Company, namely Yas Taalat.
- v) consulting fees of \$Nil (2018 - \$27,000) to a former director of the Company, namely Ben Lu.
- vi) director fees of \$40,000 (2018 - \$Nil) recorded in consulting and management fees to a former director of the Company, namely James Skippen.
- vii) professional fees of \$4,387 (2018 - \$Nil) to the CFO of the Company, namely Leon Ho.
- viii) wage and salaries of \$69,323 (2018 - \$Nil) to the former CFO of the Company, namely Anthony Pizzonia.

As of May 31, 2019, \$18,936 (August 31, 2018 - \$63,027) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

As of May 31, 2019, the Company was owed \$7,316 (August 31, 2018 - \$9,705) from a company with former directors in common which is included in receivables.

During the nine month period ended May 31, 2019, the Company issued 4,200,000 stock options (2018 – 1,150,000) to an officer, a former officer, and directors resulting in share-based compensation of \$307,731 (2018 - \$414,514). The 700,000 options issued to the former officer were cancelled upon his resignation

During the nine month period ended May 31, 2019, the Company issued Nil warrants (2018 – 1,500,000) relating to a loan payable to a director resulting in share-based compensation of \$Nil (2018 - \$369,192).

15. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes to the Company's approach to mitigating risk exposures during the period ended May 31, 2019.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables that are financial instruments consist of trade receivables. The Company has no significant concentration of credit risk arising from operations.

15. FINANCIAL RISK FACTORS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at May 31, 2019, the Company had \$286,549 (August 31, 2018 - \$595,888) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and loans payable of \$Nil (August 31, 2018 - \$425) and a convertible promissory note and derivative liability of \$Nil (August 31, 2018 - \$2,007,025).

Interest risk

Interest risk consists of two components: to the extent that payments made or received on the Company's financial instruments are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rates on the Company's financial instruments the Company is exposed to interest rate fair value risk. The Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at May 31, 2019, the Company has US\$46,899 included in cash, US\$110,376 included in accounts payable, and a convertible promissory note of US\$Nil. Management does not hedge its foreign exchange risk, and does not believe a change in foreign exchange would materially affect the Company at its current stage.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the period ended May 31, 2019 consisted of:

- i) issued 6,915,600 shares valued at \$518,670 and settled \$2,420,460 of convertible promissory note.
- ii) issued 5,000,000 shares valued at \$425,000 in consideration of a patent portfolio for the augmented reality industry.

Significant non-cash investing and financing transactions for the year ended August 31, 2018 consisted of:

- i) transferred \$116,288 from share-based payment reserve to share capital upon exercise of options;
- ii) issued 1,389,928 warrants valued at \$125,093 included in private placement unit offering;
- iii) transferred \$11,944 from warrant reserve to share capital upon exercise of warrants;

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)

- iv) issued 15,120 broker warrants valued at \$8,875 as share issue costs pursuant to private placement and acquisition of 1142128 B.C Ltd. and Prodigy Films Inc.;
- v) issued 71,428 shares valued at \$44,285 pursuant to the acquisition of Prodigy Films Inc.;
- vi) issued 62,500 shares valued at \$56,875 pursuant to the acquisition of 1142128 B.C Ltd.; and
- vii) issued 1,828,571 shares valued at \$594,286 pursuant to the acquisition of Xenoholographic Inc.

17. SUBSEQUENT EVENT

Subsequent to May 31, 2019, the Company granted 100,000 stock options to a consultant of the Company, exercisable at \$0.10 per share, expiring on June 10, 2022. The options are vested in equal tranches over a one-year period from the grant date.

SCHEDULE “B”

MANAGEMENT DISCUSSION & ANALYSIS FOR PERIOD ENDED MAY 31, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

July 30, 2019

For the nine months ended May 31, 2019 and 2018

#510 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6
Telephone: 818-850-2490
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FORM 5 – QUARTERLY LISTING STATEMENT

January 2015
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1. INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of operating results and financial position for the nine months ended May 31, 2019 and 2018 is supplementary to and should be read in conjunction with the condensed interim consolidated financial statements for the same period as well as the audited consolidated financial statements and related notes for the financial year ended August 31, 2018. Copies of these documents can be found on the SEDAR website at www.sedar.com. The MD&A is intended to help readers understand the dynamics of our business and the key factors underlying our financial results. The MD&A and the condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2019.

2. FORWARD-LOOKING INFORMATION

This document contains forward-looking statements which reflect management's current expectations about future events and financial and operating performance of the Company. Words such as "may", "will", "should", "could", "anticipate", "believe," "expect, "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. Forward-looking statements contained in this document may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements reflect management's current views with respect to future events or conditions, including prospective financial performance, financial position, and predictions of future actions, plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making these forward looking statements. These statements reflect management's current views, beliefs and assumptions and are subject to certain inherent risks and uncertainties. Factors that could cause actual performance to differ materially include, but are not limited to:

- *ability to develop or acquire new technology;*
- *competition in the market;*
- *development of new software products;*
- *economic growth and fluctuations;*
- *proper performance of our applications;*
- *the protection and privacy of personal information which we hold;*
- *the risks associated with credit;*
- *capital expenditures;*
- *the exchange rate of the US currency fluctuations;*
- *changes in accounting policies and estimates;*
- *human resource matters, including recruitment and retention of competent personnel;*
- *the ability to raise capital;*

The above (and other) factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements. See "Risks and Uncertainties" below and the section entitled "Risk Factors". Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking statements prove incorrect, our actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. We do not intend and do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise, unless required by law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

3. COMPANY OVERVIEW

Imagination Park Technology Inc. (the “Company” or “Imagination Park”) is a public company domiciled in Canada whose core business is to deliver engaging and interactive content to users through a cloud-based enterprise augmented reality (“AR”) platform with a brand name of ImagineAR™.

The Company’s shares are listed on the Canadian Security Exchange (CSE) under the ticker symbol “IP” and the OTCQB Venture Market under stock symbol is “IPNFF”. The Company was incorporated in British Columbia under the laws of the Business Corporation Act (BC, Canada).

The Company has significantly reduced monthly expenses since March 2019 and continues to monitor and streamline operations.

Since March 1, 2019, the Company transitioned ImagineAR™ software development from San Diego, California to Canada to reduce monthly expenditures and leverage a new development partner’s mobile app expertise. ImagineAR™ functionality, features, and architecture has been significantly improved with eight (8) new mobile app version releases from March 1, 2019 – July 26, 2019. The Company is focused on beta-tests and successful proof of concepts in key target marketplaces to develop a reference base of use cases and testimonials. Recurring client revenue is expected to increase significantly in the second half of 2019 as clients are implementing new monthly AR Campaigns.

Additionally, the Company will sponsor a number of large live events in which ImagineAR™ will be utilized to deliver AR activations to build ImagineAR™ brand awareness and quickly increase the mobile app download volume. ImagineAR™ Inc. is a sponsor for the Tall Ship Festival in Erie August 22-25, 2019. With expected attendance of 25,000 attendees, ImagineAR™ will be delivering a AR Scavenger Hunt in conjunction with the Flagship Niagara League for attendees to win prizes. The Company will be participating in these type of large events for the second half of 2019 to further promote downloads of the ImagineAR™ mobile app.

About ImagineAR™ Product Suite

ImagineAR Client Studio™ is an AR mobile app. that allows you to quickly create a visual of GPS marker. Once the marker is detected thru a push notification, AR content is activated to the mobile phone.

ImagineAR™ is the consumer AR mobile app that allows the user to visualize the AR content once it is activated through ImagineAR™ Client Studio. The activated content can be in the form of an image, text or video. ImagineAR™ can also deliver AR rewards, sweepstakes and create AR scavenger hunts.

ImagineAR™ Cloud is a centralized content management system where the content is securely stored and managed.

The Company is currently in development of the ImagineAR™ self-service website which allows any organization or individual utilizing a credit card, to create and launch an augmented reality campaign in minutes without the need for a technical resource. The AR campaigns can be location-based or marker-based (image activation) for a specific timeframe and include coupons and rewards. The target launch date is October 2019.

Working together, these products bridge the gap between the digital world and real world experiences. The mobile apps allow the users to scan real-world objects to unlock useful and entertaining content. The application also allows users to create their own augmented reality content. The Company also provides professional content services that can take the form of gaming content (scavenger hunts, score boards, sweepstakes etc.) or custom content (3D modelling, video animation, brand logo imaging etc.)

3. COMPANY OVERVIEW (CONTINUED)

The AR experiences could be published to the ImagineAR™ mobile app or a white label app developed by the Company. The Company will charge users a SaaS recurring monthly licensing fee for the use of the mobile app. The Company expects to generate revenue from monthly recurring licensing fees and one time, up-front professional services fees.

On January 29, 2019, the Company announced that the UltraStar Multi-tainment Center at Ak-Chin Circle, an enterprise of the Ak-Chin Indian Community, will implement a new futuristic augmented reality campaign from Imagination Park. Adding Augmented Reality (AR) will help change the theatrical experience and social culture within the one-of-a-kind world-class facility. Imagination Park enables UltraStar customers to point their phones at logos, signs, posters and landmarks to view or retrieve coupons, messages, videos and more. Customers just need to download Imagination Park's ImagineAR™ mobile browser app from the app store to open up a new world of interactive entertainment digital options while inside the multi-tainment center. The first initial AR campaign is expected to launch August 2019.

On February 5, 2019, the Company announced that Jonathan Mariner has joined the Company as a Senior Advisor to the CEO. Mr. Mariner, who retired from Major League Baseball, Office of the Commissioner, having previously served as Executive VP and CFO from March 2002 to December 2014 and as Chief Investment Officer from January 2015 until May 2016, will help improve the fan experience for professional sports teams and major advertisers by introducing Imagination Park's augmented reality technology platform.

On March 7, 2019, the Company announced that Orange County Community College ("SUNY Orange"), will be the first North American college to implement a student recruitment augmented reality campaign. Imagination Park will enable SUNY Orange students to point their phones at logos, signs, posters and landmarks on and around campus to view or retrieve school news, updates, retailer coupons, messages, videos and more. After downloading Imagination Park's ImagineAR™, the app presents students with a new world of interactive entertainment options while at SUNY Orange campuses in Middletown and Newburgh, New York. SUNY Orange is expected to launch their AR Scavenger hunt campaign in August 2019.

On March 20, 2019, the Company announced it is now an authorized Microsoft Co-Sell Azure Partner. Imagination Park selected the Azure platform as it enables security, reliability and the ability to scale very quickly. With some of the largest brands and professional sports teams with large audience/fan interaction it is critical that our infrastructure can handle rapid growth, and the artificial intelligence to log and analyze the data captured from these augmented reality engagements. The Company attended the Microsoft Inspire Conference in July 2019 to launch the sales and marketing relationship.

On March 25, 2019, the Company announced that Mark Silver has become an advisor to the Company. Mr. Silver, who is currently serving as the Chief Digital Officer for the Canadian Soccer Business, will advise Imagination Park on its augmented reality technology platform.

On April 30, 2019, the Company announced that Orangetheory Fitness will don its super hero cape and bring an augmented reality experience to the people of Fargo, North Dakota. In June 2019, Orangetheory launched a campaign to promote Orangetheory's affiliation with the Wonder Woman Run Series.

On May 2, 2019, the Company signed with Erie SeaWolves to bring augmented reality experiences to the UPMC Park and the city of Erie, Pennsylvania. The Detroit Tigers Double-A Affiliate will be among the first Minor League Baseball (MiLB) to utilize AR for fan engagement on their iOS or Android mobile devices. The Erie SeaWolves is expected to launch its initial AR campaign in August 2019.

3. COMPANY OVERVIEW (CONTINUED)

On May 8, 2019, the Company contracted by the Naismith Memorial Basketball Hall of Fame to provide an augmented reality (AR) experience as part of its fundraising initiatives via the Company's ImagineAR™ product suite. The Basketball Hall of Fame is the first sports museum to license Imagination Park's ImagineAR™ solution. The first AR Campaign is targeted to launch September 2019.

On May 14, 2019, the Company integrated their augmented reality (AR) application into the Association of Luxury Suites Directors (ALSD) official show app for an AR scavenger hunt, exposing all sports and vendue executive attendees to this new technology.

On May 16, 2019, the Company acquired a patent portfolio from XMG Studio Inc., which was a pioneer in augmented reality ("AR") gaming and Location Based Games in the 2009-2011 timeframe, including the developer of the successful Ghostbusters™ Paranormal Blast game in partnership with Sony. The Company paid XMG Studio \$50,000 in cash and 5,000,000 shares for the portfolio. The Company has engaged White and Williams LLP, the original USA patent filing law firm for the acquired portfolio, to analyze monetization strategies.

On May 30, 2019, the Company closed the acquisition of XenoHolographic Inc. with the final payment to Interknowlogy with 6,915,600 million shares in settlement of promissory note.

On June 11, 2019, the Company announced that Steven Ridley has joined the Company as a Senior Advisor to the CEO. Mr. Ridley previously served as Global CEO of WPP's Kinetic Worldwide, the largest Out of Home and Non-traditional media specialist agency in the world. He was responsible for ensuring that the unique Kinetic offering was globally coordinated across a network that spanned twenty-one (21) countries, managing \$4 billion in clients' media investment. Mr. Ridley will help introduce the ImagineAR™ Augmented Reality Platform to both the US and Global Out of Home media sector which in the US recently achieved \$US8 billion annually.

On June 12, 2019, the Company signed a deal with the Miami Metro Group that will look to bring unique augmented reality experiences to South Florida Sports Franchises, Artists, Retailers, and Live Events in South Florida. Miami Metro Group is expected to launch its first AR campaign August 2019.

On June 17, 2019, the Company announced Erie BayHawks have signed a deal that will bring augmented reality experiences to the Erie Insurance Arena and the city of Erie, Pennsylvania. The New Orleans Pelicans NBA G League affiliate will be among the first G League teams to utilize AR for fan engagement on their iOS or Android mobile devices. The Erie BayHawks are expected to launch their first AR campaign in August 2019.

On June 27, 2019, the Company announced that Field of Flowers in Davie, Florida has signed a deal that will look to bring unique augmented reality experiences to consumers in South Florida. Field of Flowers is among the largest retail floral companies in the US and a respected pioneer in the industry. The Field of Flowers launched their initial AR campaign in July 2019.

4. NATURE OF CONTINUANCE OF OPERATIONS

The condensed interim consolidated financial statements were prepared with the assumption 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 operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete a public equity financing, or generate profitable operations in the future. The Company believes it will be able to raise the necessary funding to continue operations however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

At May 31, 2019, the Company had a net working capital of \$745,326 (August 31, 2018 – deficiency of \$2,040,495).

5. OUTLOOK

The Company will continue generate awareness for its platform by marketing its technology in various verticals including retail, sports and live entertainment, education, and fundraising. As announced, the company has established a number of strategic partnerships and alliances and performed numerous demonstrations to chief marketing officers and chief decision makers.

There has been significant interest in the platform. As the Company cycles through the sales funnel, feedback has been encouraging and a robust pipeline of opportunities is emerging. Over the next twelve months, management expects to convert these potential opportunities into revenue growth and expects to realize revenue in the form of monthly recurring revenues from licensing fees and upfront professional services fees from gaming and custom content.

6. DISCUSSION OF OPERATIONS

The results of operations reflect the overhead costs incurred to provide an administrative infrastructure to manage the business and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity of Management and Directors.

Nine month period ended May 31, 2019 and 2018

For the nine month period ended May 31, 2019, the Company had a net loss of \$2,039,885 compared with a net loss of \$2,666,807 in the comparative period. During the nine month period ended May 31, 2019, the Company incurred:

- revenue of \$91,117 (2018 - \$Nil). Revenue was primarily generated from licensing fees and professional services fees for custom content to provide client augmented reality experiences. The Company expects revenue to ramp up in future quarters as it generates awareness of its platform through various promotional activities and product demonstrations.
- accretion of convertible promissory note of \$692,857 (2018 - \$Nil). The increase is mainly due to the interest accrued on a convertible promissory note during the current period.

6. DISCUSSION OF OPERATIONS (CONTINUED)

- Depreciation of \$1,104,215 (2018 - \$Nil). The increase is mainly due to previously acquired intangible assets became commercially viable and amortization was recorded during the current period.
- Office, rent, and miscellaneous of \$262,948 (2018 - \$61,165). The increase is mainly due to an increase in business activities related to development of the augmented reality operation during the current period.
- share-based compensation of \$274,603 (2018 - \$2,005,616). The decrease is due to fewer options being granted during the current period.
- shareholder communications and promotion of \$290,862 (2018 - \$332,205). The decrease was primarily due to decreased promotion activities such as news release distribution fees, and website updates during the current period.
- travel and accommodation of \$55,689 (2018 - \$146,475). The decrease was due to the Company cost cutting efforts resulting in the directors travelling less frequently for business during the current period.
- gain on settlement of debt of \$1,919,407 (2018 - \$4,650) related to the settlement of payables in the amount of \$32,469 with a cash payment of \$14,852, which resulted in a gain of \$17,617 and the settlement of the convertible promissory note of \$2,420,460 with 6,915,600 shares valued at \$518,670.
- Wages and salaries of \$663,566 (2018 - \$Nil). The increase is due to the salaries and benefits paid or accrued to a former officer during the current period.
- Write off of accounts payables of \$66,072 (2018 - \$Nil) due to the statute of limitations on amounts owing.
- \$358,000 gain on revaluation of the derivative liability.

Three month period ended May 31, 2019 and 2018

For the three month period ended May 31, 2019, the Company had a net loss of \$309,827 compared with a net income of \$293,604 in the comparative period. During the three month period ended May 31, 2019, the Company incurred:

- consulting and management fees of \$36,152 (2018 - \$526,311). The decrease is mainly due to decreased of outside consultants to facilitate the Company's restructuring and transition to the augmented reality operation.
- Depreciation of \$1,104,215 (2018 - \$Nil). The increase is mainly due to previously acquired intangible assets became commercially viable and amortization was recorded during the current period.
- Office, rent, and miscellaneous of \$94,594 (2018 - \$43,290). The increase is mainly due to an increase in business activities relating to the development of the augmented reality operation during the current period.
- share-based compensation of \$187,615 (2018 - \$133,269). The increase is due to more options being granted during the current three month period.
- shareholder communications and promotions of \$47,961 (2018 - \$200,333). The decrease was primarily due to decreased promotion activities such as news release distribution fees, and website updates during the comparative period.

- travel and accommodation of \$25,141 (2018 - \$46,380). The decrease was due to the Company cost cutting efforts resulting in directors travelling less frequently for business during the current period.
- gain on settlement of debt of \$1,901,790 (2018 - \$Nil) related to the settlement of the convertible promissory note of \$2,420,460 with 6,915,600 shares valued at \$518,670.
- Wages and salaries of \$133,415 (2018 - \$Nil). The increase is due to the salaries and benefits paid or accrued to a former officer during the current period.
- Write off of accounts payables of \$23,795 (2018 - \$Nil) due to the statute of limitations on amounts owing.

7. SUMMARY OF QUARTERLY RESULTS

The following table contains selected consolidated financial information for the Company, prepared in accordance with IFRS, for the eight most recently completed quarters of 2019 and 2018:

Three Months Ended	May. 31, 2019	Feb. 28, 2019	Nov. 30, 2018	Aug. 31, 2018
	\$	\$	\$	\$
Revenue and other income	7,161	38,162	45,794	(37,889)
Loss and Comprehensive loss	(309,827)	(762,844)	(967,214)	(431,409)
Loss per Common Share	(0.00)	(0.01)	(0.01)	(0.01)

Three Months Ended	May 31, 2018	Feb. 28, 2018	Nov. 30, 2017	Aug. 31, 2017
	\$	\$	\$	\$
Revenue and other income	-	454,854	-	-
Loss and Comprehensive loss	287,909	(1,537,794)	(1,422,617)	(653,616)
Loss per Common Share	0.00	(0.02)	(0.02)	(0.01)

8. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was \$875,754 at May 31, 2019 compared to \$324,938 at August 31, 2018. The Company had a working capital of \$745,326 at May 31, 2019 (August 31, 2018 - \$2,040,495). During the period ended May 31, 2019, cash flow activities consisted of:

- i) cash spent on operating activities of \$2,324,502 (2018 - \$2,386,777) consisting of operating expenses during the current period.
- ii) cash received from financing activities of \$3,005,312 (2018 - \$3,495,837) consisting primarily of \$3,009,008 from private placements.
- iii) cash spent on investing activities of \$129,994 (2018 - \$1,376,056) consisting primarily of \$77,094 (2018 - \$Nil) for purchase of intangible assets and \$52,900 of cash relinquished on the disposition of a subsidiary.

During the period ended May 31, 2019, the Company:

- i) closed a non-brokered private placement financing of 25,075,068 units at a price of \$0.12 per unit raising total proceeds of \$3,009,008. Each unit comprises of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.25 expiring on November 5, 2021. The Company paid cash of \$3,696 as share issuance costs.
- ii) issued 6,915,600 shares valued at \$518,670 and settled \$2,420,460 of convertible promissory note, which resulted in a gain of \$1,901,790.
- iii) issued 5,000,000 shares valued at \$425,000 in consideration of a patent portfolio for the augmented reality industry.

9. SHARE CAPITAL

As at July 30, 2019, the Company had 101,456,538 common shares issued and outstanding and the following incentive stock options were outstanding:

Expiry Date	Exercise Price	Number of Options Outstanding	Exercisable
August 13, 2021	\$0.17	250,000	250,000
August 24, 2021	0.24	212,500	212,500
September 28, 2021	0.14	500,000	500,000
November 16, 2021	0.15	50,000	50,000
February 1, 2022	0.10	100,000	25,000
February 3, 2022	0.05	317,100	317,100
March 25, 2022	0.055	100,000	25,000
April 12, 2022	0.50	40,000	40,000
April 18, 2022	0.31	750,000	750,000
June 10, 2022	0.10	100,000	25,000
July 4, 2022	0.26	250,000	250,000
November 9, 2022	0.28	325,000	325,000
April 11, 2024	0.60	2,000,000	2,000,000
May 14, 2024	0.90	1,000,000	1,000,000
		<u>5,994,600</u>	<u>5,769,600</u>

As at July 30, 2019, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
September 28, 2019	\$0.32	30,000
November 14, 2019	0.37	93,750
January 10, 2020	0.65	450,000
March 19, 2020	0.70	1,389,928
November 14, 2020	0.32	2,500,000
May 16, 2021	0.32	4,758,571
August 9, 2021	0.32	3,700,000
November 5, 2021	0.25	<u>25,239,318</u>
		<u>38,161,567</u>

10. OFF-BALANCE SHEET FINANCING

The Company did not have any off-balance sheet arrangements or transactions.

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the nine month period ended May 31, 2019, the Company paid or accrued:

- i) management and consulting fees of \$189,618 (2018 - \$198,446), to the CEO of the Company, namely Alen Paul Silverrstieen.
- ii) consulting fees of \$51,000 (2018 - \$136,500) to Triton Films Inc., a corporation owned by a former director and former CEO of the Company, namely Gabriel Napora.
- iii) consulting fees of \$Nil (2018 - \$11,500) to a former director of the Company, namely Tim Marlowe.
- iv) consulting fees of \$Nil (2018 - \$120,750) to a former director of the Company, namely Yas Taalat.
- v) consulting fees of \$Nil (2018 - \$27,000) to a former director of the Company, namely Ben Lu.
- vi) director fees of \$40,000 (2018 - \$Nil) recorded in consulting and management fees to a former director of the Company, namely James Skippen.
- vii) professional fees of \$4,387 (2018 - \$Nil) to the CFO of the Company, namely Leon Ho.
- viii) wage and salaries of \$69,323 (2018 - \$Nil) to the former CFO of the Company, namely Anthony Pizzonia.

As of May 31, 2019, \$18,936 (August 31, 2018 - \$63,027) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

As of May 31, 2019, the Company was owed \$7,316 (August 31, 2018 - \$9,705) from a company with former directors in common which is included in receivables.

During the nine month period ended May 31, 2019, the Company issued 4,200,000 stock options (2018 – 1,150,000) to an officer, a former officer, and directors resulting in share-based compensation of \$307,731 (2018 - \$414,514). The 700,000 options issued to the former officer were cancelled upon his resignation

During the nine month period ended May 31, 2019, the Company issued Nil warrants (2018 – 1,500,000) relating to a loan payable to a director resulting in share-based compensation of \$Nil (2018 - \$369,192).

12. CHANGES IN ACCOUNTING POLICY AND FUTURE ACCOUNTING CHANGES

Please refer to the condensed consolidated interim financial statements filed on www.sedar.com for the period ended May 31, 2019 for changes in accounting policies and future accounting changes.

13. FINANCIAL INSTRUMENTS

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts of cash, accounts receivables, accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair market value because of the limited term of these instruments. The Company carries its marketable securities at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables relate to amounts due from government agencies and amounts due from related parties therefore the Company's maximum exposure to credit risk is the balance of cash held as at May 31, 2019. The Company has no significant concentration of credit risk arising from operations.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instrument or future media related transactions. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at May 31, 2019, the Company had \$286,549 (August 31, 2018 - \$595,888) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and loans payable of \$Nil (August 31, 2018 - \$425) and a convertible promissory note and derivative liability of \$Nil (August 31, 2018 - \$2,007,025).

Interest risk

Interest risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities the Company is exposed to interest rate fair value risk. The Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is minimal.

13. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at May 31, 2019, the Company has US\$46,899 included in cash, US\$110,376 included in accounts payable, and a convertible promissory note of US\$Nil. Management does not hedge its foreign exchange risk and does not believe a change in foreign exchange would materially affect the Company at its current stage.

14. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

15. RISKS AND UNCERTAINTIES

The Company's financial condition, results of operations and business are subject to risks. The following are identified as the main risk factors:

Financing

The Company is reliant upon financing in order to continue its operations because it does not derive any income from its assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations.

Key Personnel

The future of the Company is dependent on the management of the Company. The departure of any of operations or management personnel or their inability to continue being functional could have an adverse impact on the Company's growth, business, financial position, and operating results.

Competition

The Company will compete with many larger companies and newcomers to the industry that will have greater financial and technical resources than the Company for the development of its applications as well as the recruitment and retention of qualified consultants and employees.