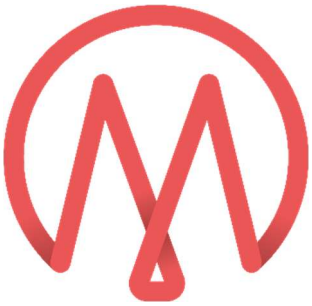

Media Central Corporation Inc.

(formerly IntellaEquity Inc.)

Audited Annual Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

Media Central Corporation Inc.

(formerly IntellaEquity Inc.)

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Media Central Corporation Inc.

Opinion

We have audited the consolidated financial statements of Media Central Corporation Inc. (formerly IntellaEquity Inc.) and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of loss and comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of $4,560 during the year ended December 31, 2020 and, as of that date, the Group's current liabilities exceeded its current assets by $1,062. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we

are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carlo Viola.

Fazzari + Partners

FAZZARI + PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

Vaughan, Ontario
April 27, 2021

Media Central Corporation Inc.

(formerly IntellaEquity Inc.)

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(In thousands of Canadian dollars)

	Note	**December 31, 2020**	December 31, 2019
		$	$
Assets			
Cash and cash equivalents		**77**	520
Trade and other receivables	*14*	**331**	505
Prepaid expenses and other		**94**	182
Current assets		**502**	1,207
Property, plant and equipment	*15*	**232**	395
Intangible assets and goodwill	*16*	**1,889**	1,730
Non-current assets		**2,121**	2,125
Total assets		**2,623**	3,332
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*20*	**1,392**	421
Loans and borrowings	*19*	**60**	107
Due to related parties	*25(C)*	**50**	-
Deferred income		**62**	49
Current liabilities		**1,564**	577
Loans and borrowings	*19*	**911**	111
Total liabilities		**2,476**	688
Equity			
Share capital	*17*	**8,767**	7,126
Contributed surplus		**3,056**	2,634
Deficit		**(11,676)**	(7,116)
Total equity		**147**	2,644
Total liabilities and equity		**2,623**	3,332
Going concern	*2(A)*		
Contingencies and commitments	*24*		
Subsequent events	*26*		

Approved by the Board of Directors:

Director

Director

See accompanying notes.

Media Central Corporation Inc.

(formerly IntellaEquity Inc.)

Consolidated Statement of Loss and Comprehensive Loss

For the years ended December 31, 2020 and 2019

(In thousands of Canadian dollars)

	Note	**December 31, 2020**	December 31, 2019
		$	$
Revenue	*8*	**1,905**	166
Cost of sales	*9(A)*	**(420)**	(47)
Gross profit		**1,485**	119
Administrative expenses	*9(A)*	**(5,148)**	(4,107)
Selling and distribution expenses	*9(A)*	**(47)**	(490)
Operating loss		**(3,710)**	(4,478)
Other income		**4**	-
Finance costs	*10*	**(248)**	(4)
Impairment loss	*16(B)*	**(500)**	-
Stock based compensation	*9(A), 12*	**(106)**	(2,634)
Loss before taxes		**(4,560)**	(7,116)
Income taxes		**-**	-
Loss and comprehensive loss for the year		**(4,560)**	(7,116)
Loss per share			
Basic and diluted loss per share	*11*	**(0.014)**	(0.025)

See accompanying notes.

Media Central Corporation Inc.

(formerly IntellaEquity Inc.)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Deficit	Total
Balance, at January 1, 2019		100	-	-	100
Loss for the period		-	-	(7,116)	(7,116)
Equity-settled share-based payment		-	2,634	-	2,634
Fair value of shares issued to former shareholders		2,335	-	-	2,335
Shares issued in reverse takeover		4,085	-	-	4,085
Private placement		200	-	-	200
Issuance of shares for settlement of trade obligations		610	-	-	610
Share issuance costs		(204)	-	-	(204)
Balance, at December 31, 2019		7,126	2,634	(7,116)	2,644
Balance, at January 1, 2020		7,126	2,634	(7,116)	2,644
Loss for the year		**-**	**-**	**(4,560)**	**(4,560)**
Issuance of shares related to acquisition	*23(A)*	**500**	**-**	**-**	**500**
Issuance of shares on conversion of convertible debt	*19(C)*	**500**	**-**	**-**	**500**
Issuance of shares for settlement of trade obligations	*17(E)*	**641**	**-**	**-**	**641**
Equity-settled share-based payment		**-**	**106**	**-**	**106**
Issuance of convertible debentures	*19(C)*	**-**	**316**	**-**	**316**
Balance, at December 31, 2020		**8,767**	**3,056**	**(11,676)**	**147**

See accompanying notes.

Media Central Corporation Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In thousands of Canadian dollars)

	Note	December 30, 2020	December 30, 2019
		$	$
Cash flows used in operating activities			
Loss for the year		(4,560)	(7,116)
Adjustments for:			
– Depreciation and amortization		196	50
– Gain on settlement of ROU, included in rent expense		(121)	-
– non-cash interest on convertible debentures		139	
– Net financing costs and other		-	23
– Shares issued for settlement of operating expenses	*17(E)*	641	-
– Listing expenses		-	2,325
– Loss on impairment		500	-
– Stock based compensation		106	2,634
		(3,099)	(2,084)
Changes in:			
– Trade and other receivables		427	(505)
– Prepaid expenses and other		185	(182)
– Accounts payable and accrued liabilities		551	421
– Deferred income		(31)	49
– Due to related parties		50	-
Net cash from (used in) operating activities		(1,917)	(2,301)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	*23*	(668)	(1,971)
Proceeds from settlement of purchase price adjustment	*22(B)*	500	-
Acquisition of property, plant and equipment		(6)	(3)
Net cash used in investing activities		(174)	(1,974)
Cash flows from financing activities			
Proceeds from issuance of convertible debt, net	*19(C)*	1,518	-
Proceeds from issuance of common shares, net		-	4,708
Proceeds from issuance of promissory notes	*19(D)*	60	-
Proceeds from loans payable to financial institutions	*19(B)*	70	-
Payment of lease liabilities	*19*	-	(9)
Net cash from (used in) financing activities		1,648	4,699
Net increase (decrease) in cash and cash equivalents		(443)	424
Cash and cash equivalents, beginning of year		520	100
Effects of movements in exchange rates on cash held		-	(4)
Cash and cash equivalents, end of year		77	520
Supplementary cash flow information:			
– Issuance of shares on conversion of convertible debt		500	-
– Issuance of shares related to acquisition		500	-
– Interest paid			4

See accompanying notes.

1. Reporting entity

Media Central Corporation Inc. (formerly IntellaEquity Inc.) ("Media Central" or the "Company") is domiciled in Toronto, Ontario, Canada. The Company's registered office is 27 Roytec Road, Unit D9, Woodbridge, Ontario, L4L 8E3. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in acquiring and developing high-quality publishing assets.

IntellaEquity Inc. was incorporated under the Laws of the State of Delaware on October 13, 1999, and became a reporting issuer of Alberta, British Columbia and Ontario on August 3, 2004.

Prior to the reverse takeover, IntellaEquity disposed of its subsidiaries Marcon International Inc. and Marcon International (USA) Inc, and deconsolidated Fiber Optic Systems Technology (Canada), Inc. and PinPoint FOX-TEK Inc., as it no longer had control over those subsidiaries due to their status of receivership. On July 26, 2019, IntellaEquity Inc. filed articles of continuance out of the State of Delaware to the Province of Ontario and completed a three-cornered amalgamation of its wholly-owned subsidiaries, Paragon Blockchain and Numco with CannCentral and filed articles of continuance out of the State of Delaware. As a result of the transaction, CannCentral became a wholly owned subsidiary of IntellaEquity Inc (the "Transaction"). Subsequent to the Transaction, IntellaEquity changed its name to Media Central Corporation Inc., with its common shares listed on the Canadian Securities Exchange under the symbol FLYY.

The Transaction has been accounted for in accordance with *IFRS 2,* Share-based payments, whereby the transaction is considered to be a reverse takeover by CannCentral Inc. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based transaction rather than a business combination, as a result CannCentral Inc. became a wholly-owned subsidiary of Media Central. For financial reporting purposes, the Group is considered a continuation of CannCentral, the legal subsidiary, except with regard to the authorized and issued share capital of Media Central, the legal parent.

On November 8, 2019, Media Central listed it shares on the Frankfurt Stock Exchange under the symbol 3AT.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They were authorized for issue by the Company's board of directors on April 28, 2021.

Details of the Group's accounting policies are included in **Note 4**.

A. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Group has recognized net losses after tax of $4,560 for the year ended December 31, 2020 and as at that date, has accumulated deficit of $11,676. The Group has not yet been able to generate positive cash flows from operations, and it is uncertain whether and when it will be able to generate sufficient cash flows to pay for its expenditures and settle its obligations subsequent to December 31, 2020.

2. Basis of accounting (Cont'd)

A. Going concern (Cont'd)

The Group has conducted a review, that included (but was not limited to) an assessment of:

– the financial performance of the Group against budget as well as the 2021 outlook for the business

– the temporary and more permanent impact of the COVID19 pandemic on the business results
–
– the availability of media related federal grants, given the confirmation that two of the Group companies have been designated as Qualified Canadian Journalism Organizations

– the progress of compliance with regulatory requirements; and

– the progress of planned divestments and/or capital raisings to meet repayment requirements.

Management believes that obligations will be repaid from the anticipated federal and provincial grant funds to be received within the second and third quarter along with continuing results of operations. However there can be no assurances that the Group will be able to obtain further financing especially in light of the impact that COVID-19 could have on the global financial markets as a whole (Note 26(D)).

Theses consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group be unable to continue operations.

Such adjustments may be material. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realize assets at their recognized values, in particular goodwill and other intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

3. Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and each of its subsidiaries. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A.	Basis of consolidation	13
B.	Foreign currency	14
C.	Revenue from contracts with customers	14
D.	Employee benefits	14
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4. Significant accounting policies (cont'd)

A. Basis of consolidation

i. Business combinations

Media Central accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company controls each Subsidiary through 100% ownership over the Subsidiary's common shares. Each Subsidiary is listed below along with the place of incorporation:

– NOW Central Communications Inc. [Incorporated under the provincial laws of Ontario]

– CannCentral Inc. [Incorporated under the provincial laws of Ontario]

– Vancouver Free Press Corp. [Incorporated under the provincial laws of British Columbia]

iii. Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

4. Significant accounting policies (cont'd)

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of each company of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the report date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

C. Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in **Note 8(D)**.

D. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

4. Significant accounting policies (cont'd)

E. Finance income and finance costs

The Group's finance income and finance costs include:

– interest income; and

– interest expense.

Interest income or expense is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the financial liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

F. Income tax

Income tax expense comprises of current and deferred tax. It is recognized in profit or loss or recognized outside profit or loss if the tax relates to items recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected amount payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates enacted or substantively enacted at the reporting date.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

– temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

4. Significant accounting policies (cont'd)

F. Income tax (cont'd)

ii. Deferred tax (cont'd)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

G. Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

H. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. Subsequent expenditures

Subsequent expenditures are capitalized only if it is probable that future economic benefits with the expenditure will flow to the Group.

4. Significant accounting policies (cont'd)

H. Property, plant and equipment (cont'd)

iii. Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

– computer equipment:	3 years
– furniture and fixtures:	5-10 years
– leasehold improvements:	over term of lease
– right-of-use assets:	over term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

I. Intangible assets and goodwill

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii. Amortization

Amortization is calculated to write-off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for current and comparative periods are as follows:

– patents and trademarks:	3-20 years
– customer relationships:	5 years

4. Significant accounting policies (cont'd)

J. Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

ii. Classification and subsequent measurement

Financial assets – Policy

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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 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.

Financial assets – Policy

Financial assets measured at amortized cost include cash and cash equivalents and trade and other receivables.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as 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.

4. Significant accounting policies (cont'd)

J. Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

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 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 at FVOCI or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and the expectations of future sales activity.

4. Significant accounting policies (cont'd)

J. Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or 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 profit or loss. Any gain or loss on derecognition is recognized in profit or loss
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as 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 profit or 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 profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to related parties and loans and borrowings.

iii. Derecognition

Financial assets

The Group 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 transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group does not retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for the purpose, consistent with the Group's continuing recognition of the assets.

4. Significant accounting policies (cont'd)

J. Financial instruments (cont'd)

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows or 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 profit or loss.

iv. Offsetting

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

K. Share capital

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of equity transactions is accounted for in accordance with IAS 12.

L. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to units which comprise of common shares plus one purchase warrant at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

4. Significant accounting policies (cont'd)

M. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses ("ECLs") on:

– financial assets measured at amortized cost; and

– contract assets.

Loss allowances for trade receivables and contract assets are measured at an amount equal to the lifetime ECLs if the credit risk has increased significantly. If the credit risk has not increased significantly, the loss allowance is measured at an amount equal to 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 Group's historical experience and informed credit assessment, including forward-looking information.

The Group assumes that the credit risk on a financial asset has increase significantly if it is more than 30 days past due.

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

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group; or

– the financial asset is more than 90 days past due.

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

The maximum period considered when estimated ECLs is the maximum contractual period over which the Group 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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

4. Significant accounting policies (cont'd)

M. Impairment (cont'd)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

N. Provisions

Provisions are recognized when present (legal or constructive) obligations as a result of a past event will lead to a probable outflow of economic resources and amounts can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

The Group performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered remote, no liability is recognized.

O. Leases

At the inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
-
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

i. The Group as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

4. Significant accounting policies (cont'd)

O. Leases (cont'd)

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of

i. The Group as a lessee (cont'd)

the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets in 'property, plant and equipment' in the consolidated statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

P. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities.

i. Measurement of fair values

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as a broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from third parties to support the conclusion of these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

4. Significant accounting policies (cont'd)

P. Fair value measurement (cont'd)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.

– *Level 2:* inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in the following notes:

– Note 23 – acquisition of a subsidiary.

Q. Changes in accounting policies

Amendments to IFRS 3, Business Combinations ("IFRS 3") – Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test.

The amendments are effective January 1, 2020, with early adoption permitted. The amendments are applied prospectively to transactions or other events that occur on or after the date of first application and had no significant impact on the Group's consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") – Definition of Material

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments are effective January 1, 2020. The amendments to the definition of material had no significant impact on the Group's consolidated financial statements.

5. Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

– Notes 22 – consolidation: whether the Group has de facto control over an investee.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next year is included in the following notes:

– Note 13 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

– Note 16(B) – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

– Note 4(N) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

– Note 12(B) – valuation of share-based payment arrangements: key assumptions used to measure the fair value of the Group's share-based payment arrangements.

6. Future accounting pronouncements

The Group monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Group's operations. Standards issued but not yet effective up to the date of issuance of these consolidated financial statements are described below.

This description is of the standards and interpretations issued that the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

IAS 1, Presentation of Financial Statements ("IAS 1")

In January 2010, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively.

6. Future accounting pronouncements (cont'd)

The Group is currently evaluating the impact of these amendments on its consolidated financial statements and will apply the amendments from the effective date.

7. Operating segments

A. Basis for segmentation

In measuring its performance, the Group does not distinguish or group its operations on a geographical or on any other basis, and accordingly has a single reportable operating segment. Management has applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of the operations, and an expectation of operating segments within a reportable segment, which have similar long-term economic characteristics.

The Group's Chief Executive Officer is the chief operating decision maker, and regularly reviews operations and performance on an aggregated basis. The Group does not have any significant customers or any significant groups of customers.

8. Revenue

A. Revenue streams

The Group generates its revenue streams primarily from advertising to its customers (see (D)). Other sources of revenue consists of licensing, live events or retail commerce and are immaterial amounts.

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	December 31, 2020	December 31, 2019
	$	$
Primary geographic markets		
Canada	**1,905**	166
	1,905	166

8. Revenue (Cont'd)

B. Disaggregation of revenue from contracts with customers (Cont'd)

		Twelve months ended	
		December 31, 2020	December 31, 2019
		$	$
Major products/service lines			
Advertising		**1,873**	166
Grant revenue	*19 (B)*	**30**	-
Other		**2**	-
		1,905	166
Timing of revenue recognition			
Products transferred at a point in time		**-**	-
Products and services transferred over time		**1,873**	166
Revenue from contracts with customers		**1,873**	166
Other		**32**	-
Revenue, as reported		**1,905**	166

C. Contract balances

The trade receivables amount contained within Note 14 provides information about receivables from contracts with customers.

D. Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Advertising	Advertisements are published in newspapers or placed on digital platforms, or with respect to certain digital advertising, based on volume, rate and mix of advertising. Proceeds from advertising are deferred at the time of sale and recognized pro-rata based on the terms of the subscription. Payment is typically upfront and recognized ratably over the subscription period. Invoices are generally paid within 30 days.	Revenue is recognized over time as the Group provides promised services to customers.

8. Revenue (Cont'd)

D. Performance obligations and revenue recognition policies (Cont'd)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other	Other revenues consist of licensing, live events or retail commerce. Invoices are generally paid within 30 days.	Revenue is recognized when a performance obligation is satisfied by transferring the promised goods or services to the customer, which is generally when the customer has the ability to direct the use and/or obtain substantially all the benefits of an asset.

9. Expenses

A. Expenses by nature

	December 31, 2020	December 31, 2019
	$	$
Professional fees	**2,527**	1,031
Salaries and benefits	**1,706**	265
Printing	**420**	31
Office and general	**154**	53
Rent	**79**	28
Depreciation and amortization	**196**	50
Dues and subscriptions	**191**	36
Stock-based compensation	**106**	2,634
Listing expenses	**145**	2,594
Business licenses	**61**	-
Travel	**60**	46
Advertising and promotion	**47**	490
Repairs and maintenance	**29**	-
Shipping costs	**-**	15
Insurance	**-**	5
Total cost of sales, selling and distribution and administrative expenses	**5,722**	7,278

10. Finance costs

	December 31, 2020	December 31, 2019
	$	$
Interest income	**-**	-
Convertible debenture interest expense	**245**	-
Other interest expense	**3**	4
Net finance costs recognized in profit or loss	**248**	4

11. Loss per share

A. Basic loss per share and diluted loss per share

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

The calculation of diluted loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

A. Weighted-average number of ordinary shares (basic)

	December 31, 2020	December 31, 2019
Weighted-average number of ordinary shares at December 31,	**330,858**	285,559

B. Weighted average number of ordinary shares (diluted)

	December 31, 2020	December 31, 2019
Weighted-average number of ordinary shares (basic)	**330,858**	285,559
Effect of stock-options on issue	**-**	-
Effect of warrants on issue	**-**	-
Weighted-average number of ordinary shares (diluted) at December 31,	**330,858**	285,559

The weighted average number of ordinary shares (diluted) does not include the effect of 25,450 stock options and 164,078 warrants outstanding as they are anti-dilutive.

12. Share-based payment arrangements

A. Description of share-based payment arrangements

At December 31, 2020, the Group had the following share-based payment arrangements.

i. Stock-option program (equity-settled)

On June 30, 2004, the Group established a stock-option plan that entitles key management personnel, employees, directors, and certain consultants the option to purchase common shares of Media Central. Under the stock-option plan, holders of vested options are entitled to purchase shares based on the exercise price determined at the grant date.

12. Share-based payment arrangements (cont'd)

A. Description of share-based payment arrangements (Cont'd)

The key terms and conditions related to the grants are as follows; all options are to be settled by physical delivery of shares.

Grant date / employees entitled	Number of instruments in thousands	Vesting conditions	Weighted-average exercise price	Remaining contractual life of options
Options granted to key management personnel				
On October 28, 2019	15,000	Vesting on grant date	$0.080	3.8 years
On January 28, 2020	800	Vesting on grant date	$0.085	4.1 years
Options grants to directors				
On January 17, 2017	1,150	Vesting equally over three years	$1.000	1.0 years
On October 28, 2019	2,250	Vesting on grant date	$0.080	3.8 years
Option grants to employees and consultants				
On October 28, 2019	6,250	Vesting on grant date	$0.080	3.8 years
	25,450			

ii. Warrants (equity-settled)

The Group issues warrants in connection with its private placement and to the Group's consultant, which entitle the holders to purchase common shares of the Group.

The key terms and conditions related to the warrants are as follows; all warrants are to be settled by physical delivery of shares.

Date of issuance	Number of instruments in thousands	Type of issuance	Weighted-average exercise price	Remaining contractual life of warrants
During March, 2019	120,000	Private placement (**Note 17(D)**)	*$0.110	* 0.3 years
On June 5, 2019	39,400	Private placement (**Note 17(D)**)	*$0.290	* 0.5 years
On December 20, 2019	1,500	Broker warrants (**Note 12(D)(i)**)	$0.700	1.0 years
On January 31, 2020	1,607	Private placement (**Note 17(D)**)	$0.200	1.1 years
On January 31, 2020	1,571	Broker warrants (**Note 12(D)(i)**)	$0.220	1.1 years
	164,078			

*These warrants were set to expire beginning March 2021, refer to the amendments disclosed in **Note 26(B)**.

12. Share-based payment arrangements (cont'd)

B. Measurement of fair values

i. Stock-option program (equity-settled)

The fair value of stock options have been measured using the Black-Scholes option-pricing model. Service and non-market performance conditions attached to these arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values are as follows:

Fiscal year in which options were issued		December 31, 2020		December 31, 2019
Fair value	$	0.063	$	0.064
Share price	$	0.070	$	0.070
Exercise price	$	0.085	$	0.080
Expected volatility (weighted-average)		150%		150%
Expected life (weighted-average, in years)		5.00		5.00
Expected dividends		–%		–%
Risk-free interest rate (based on government bonds)		2.49%		3.06%

Expected volatility has been based on evaluation of historical volatility of share price, particularly over the historical period commensurate with the expected term.

The fair value of stock options issued during the year ended December 31, 2020 was $51 (2019: $1,493).

ii. Warrants (equity-settled)

The fair value of warrants have been measured using the Black-Scholes option-pricing model. Service and non-market performance conditions attached to these arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values are as follows:

Fiscal year in which warrants were issued		December 31, 2020		December 31, 2019
Fair value	$	0.021	$	0.009
Share price	$	0.050	$	0.028
Exercise price	$	0.085	$	0.155
Expected volatility (weighted-average)		150%		150%
Expected life (weighted-average, in years)		1.00		1.76
Expected dividends		–%		–%
Risk-free interest rate (based on government bonds)		1.27%		1.58%

Expected volatility has been based on evaluation of historical volatility of share price, particularly over the historical period commensurate with the expected term.

The fair value of warrants issued during the year ended December 31, 2020 was $68.

12. Share-based payment arrangements (cont'd)

C. Reconciliation of outstanding stock-options

	Number of options		Weighted-average exercise price
Granted during 2017 to former IntellaEquity directors	1,150	$	1.000
Granted during the year	23,500	$	0.080
Outstanding, December 31, 2019	24,650	$	0.123
Outstanding, January 1, 2020	24,650	$	0.123
Granted during the year	800	$	0.085
Outstanding, December 31, 2020	**25,450**	**$**	**0.122**
Exercisable, December 31, 2020	**25,450**	**$**	**0.122**

D. Reconciliation of outstanding warrants

	Note	Number of warrants	Weighted-average exercise price $
Issue of warrants related to private placement		159,400	0.155
Issue of warrants formerly in IntellaEquity Inc.		3,014	0.100
Issue of broker warrants	*(i)*	1,500	0.200
Balance, December 31, 2019		**163,914**	**0.154**
Issue of warrants related to private placement		1,607	0.085
Issue of broker warrants		1,571	0.085
Expired		(3,014)	0.100
Balance, December 31, 2020		**164,078**	**0.154**

(i) On February 11, 2020, the Group issued 1,571 broker warrants related to the issuance of convertible debt at a weighted average exercise price of $0.085 per warrant.

13. Income taxes

A. Income tax expense

The following table reconciles the income taxes calculated at the combined Canadian federal and provincial tax rates with the income tax expense as recognized in the statements of loss and comprehensive loss.

13. Income taxes (Cont'd)

A. Income tax expense (Cont'd)

	December 31, 2020	December 31, 2019
	$	$
Loss before income tax recovery	**(4,560)**	(7,116)
Statutory rate	**26.50%**	26.50%
Expected tax recovery	**(1,208)**	(1,886)
Increase (decrease) in income tax expense due to:		
Non deductible items	**-**	411
Property, plant and equipment	**-**	18
Intangible assets and goodwill	**-**	(2)
Loss carryforwards not recognized	**1,208**	1,459
	-	-

B. Deferred taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below:

	December 31, 2020	December 31, 2019
	$	$
Non-capital loss carryforwards	**2,667**	1,459
Less: amount not recognized	**(2,667)**	(1,459)
	-	-

C. Tax losses carried forward

The Group has non-capital loss carryforwards for income tax purposes of $10,064 (2019: $5,500), which may be available to reduce taxable income in future years, $5,500 of these losses expire in 2039, and $4,564 of these losses expire in 2040. The potential benefit of these losses have not been recognized in the consolidated financial statements as deferred income tax assets.

14. Trade and other receivables

Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 21 [ii].

	December 31, 2020	December 31, 2019
	$	$
Trade receivables	185	266
Less: allowance for trade receivables	(35)	(3)
Indirect taxes recoverable	181	242
	331	505

15. Property, plant and equipment

A. Reconciliation of carrying amount

	Note	Right-of-use assets	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
		$	$	$	$	$
Cost						
Balance at December 31, 2018		-	-	-	-	-
Acquisition		-	80	121	-	201
Adoption of IFRS 16		224	-	-	-	224
Additions		-	3	-	-	3
Balance at December 31, 2019		224	83	121	-	428
Additions		-	6	-	-	6
Disposal		(224)	-	-	-	(224)
Acquisition	*23(C)*	-	9	33	62	104
Balance at December 31, 2020		-	**98**	**154**	**62**	**314**
Accumulated depreciation						
Balance at December 31, 2018		-	-	-	-	-
Depreciation		9	11	13	-	33
Balance at December 31, 2019		9	11	13	-	33
Depreciation		119	18	31	9	177
Disposal		(128)	-	-	-	(128)
Balance at December 31, 2020		-	**29**	**44**	**9**	**82**
Carrying amounts						
At December 31, 2019		215	72	108	-	395
At December 31, 2020		-	**69**	**110**	**53**	**232**

16. Intangible assets and goodwill

A. Reconciliation of carrying amount

	Note	Goodwill	Customer relationships	Patents and trademarks	Total
		$	$	$	$
Cost					
Balance at December 31, 2018		-	-	-	-
Additions		1,558	141	47	1,746
Balance at December 31, 2019		1,558	141	47	1,746
Purchase price adjustment	*22(B)*	(500)	-	-	(500)
Additions	*23(D)*	1,178	-	-	1,178
Balance at December 31, 2020		**2,236**	**141**	**47**	**2,424**
Accumulated amortization					
Balance at December 31, 2018		-	-	-	-
Amortization		-	14	2	16
Balance at December 31, 2019		-	14	2	16
Impairment	*16(B)*	500	-	-	500
Amortization		-	14	5	19
Balance at December 31, 2020		**500**	**28**	**7**	**535**
Carrying amounts					
At December 31, 2019		1,558	127	45	1,730
At December 31, 2020		**1,736**	**113**	**40**	**1,889**

B. Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operational divisions) and calculation performed as follows:

The recoverable amount of this CGU was based on fair value in use less costs of disposal, estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Vancouver Free Press Corp.		*NOW Central Communications Inc.*	
	2020	2019	**2020**	2019
Discount	**21.00%**	-	**21.00%**	15.98%
Terminal value growth rate	**2.00%**	-	**2.00%**	2.00%
Budgeted growth rate (average of next five years)	**25.90%**	-	**31.48%**	12.30%

16. Intangible assets and goodwill (cont'd)

B. Impairment testing for CGUs containing goodwill (cont'd)

The discount rate was a post-tax measure estimated based on the Group's weighted-average cost of capital of 21.00%, experienced through completed historical, as well as prospective, external financing transactions. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

The terminal growth rate was determined based on management's estimate of the long-term compound growth rate, consistent with the assumptions that a market participant would make. Budgeted growth rate was estimated considering management's experience.

As a result of the impairment procedures performed in the year a loss of $500 was recognized.

17. Capital and reserves

A. Authorized

Unlimited Common shares, voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of the Group.

B. Issued and outstanding

		Number of shares (in thousands)	Amount $
Fair value of shares issued to former shareholders		37,866	2,335
Shares issued for reverse acquisition	*22(A)*	270,149	4,085
Private placement	*17(D)*	2,500	200
Shares issued for settlement of debts	*17(E)*	5,714	710
Share issuance costs	*17(F)*	-	(204)
Balance, December 31, 2019		**316,229**	**7,126**
Shares released from escrow		**(515)**	**-**
Shares issued for settlement of debts	*17(E)*	**10,469**	**641**
Conversion of debentures	*17(C)*	**7,143**	**500**
Acquisition of Vancouver Free Press Corp.	*23(A)*	**5,000**	**500**
Balance, December 31, 2020		**338,326**	**8,767**

C. Conversion of convertible debentures

On July 7, 2020, certain holders of the convertible debentures exercised their option to convert the debt into common shares, resulting in an issuance of 7,143 common shares. The common shares were issued at a price of $0.07 per common share though the issue value for the common shares was adjusted to reflect the previous recognition of the equity value at time of issuance of the convertible notes resulting in a value of shares at time of conversion of $333 and a corresponding reduction in the convertible debentures - see **Note 19(C)**.

17. Capital and reserves (Cont'd)

D. Private placements

On October 30, 2019, Media Central completed a private placement of 2,500 common shares at $0.08 per share for settlement of the financial obligations of the Group for $200, in aggregate.

On February 11, 2020, the Group issued 1,607 warrants related to the issuance of convertible debt at a weighted average exercise price of $0.085 per warrant.

E. Shares for settlement of trade obligations

During the year, the Group issued shares for services rendered by consultants of $641 (2019: $610) through issuance of 10,469 (2019: 5,714) shares.

F. Issuance costs

Issuance costs of $nil (2019: $204) for the year ended December 31, 2020, associated with the issuance of shares have been offset against share capital on the consolidated statements of financial position.

18. Capital management

The Group's defines capital as its equity. The Group's objective when managing capital is:

– to safeguard the ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
– to provide adequate return to shareholders by obtaining an appropriate amount of financing commensurate with the level of risk.

The Group sets the amount of capital in proportion to the risk. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the characteristic risk of underlying assets. In order to maintain or adjust the capital structure, the Group may repurchase shares, return capital to shareholders, issue new shares or sell assets to reduce debt. Media Central's objective is met by retaining adequate liquidity so that cash flows from its assets will be sufficient to meet operational, investing and financing requirements. There have been no changes to the Group's capital management policies during the years ended December 31, 2020 and 2019.

19. Loans and borrowings

	Note	December 31, 2020	December 31, 2019
		$	$
Current liabilities			
Lease liability		-	107
Promissory note	*19(A), 19(D)*	60	-
		60	107
Non-current liabilities			
Lease liability		-	111
Loans payable to financial institutions	*19(A), 19(B)*	70	-
Convertible debentures	*19(A), 19(C)*	841	-
		911	111

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

			December 31, 2020		December 31, 2019	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
			$	$	$	$
Lease liability	8.05%	15-Dec-22	-	-	218	218
Loans payable to government of Canada (CEBA)	0.00%	31-Dec-22	100	70	-	-
Convertible notes	10.00%	28-Feb-22	1,126	841	-	-
Promissory note	10.00%	23-Jul-21	60	60	-	-
Total interest-bearing liabilities			1,286	971	218	218

B. Loans payable to financial institutions

The Group, through two of its subsidiaries, applied for and was advanced $100 through the Canada Emergency Business Account ("CEBA") program, which provides for an interest-free loan to cover the operating costs, offered in the context of COVID-19 (see **Note 26(D)**) pandemic and sponsored by Government of Canada. $30 of the balance has been recognized as revenue as a result of CRA guidelines in relation to the forgivable portion of the loan.

On December 31, 2022, the Group will have the option to either: (i) extend the CEBA for another 3 years, at which point it will bear interest at 5% per annum, or (ii) repay the balance of the loan on or before December 31, 2022, which will result in loan forgiveness of $30.

The Group will only be entitled to the granted portion at the time that the balance of 75% of the initial loan is repaid or at the time when the Group has reasonable assurance that it will be able to repay the loan on or before December 31, 2022.

As at December 31, 2020, the Group has not repaid the loan and as such, this amount has been presented as a long-term liability on the consolidated statements of financial position.

19. Loans and borrowings (cont'd)

C. Convertible debentures

	Amount
	$
Convertible debenture	1,626
Less: warrants	(316)
Less: issuance costs	(108)
Less: conversions	(500)
Add: interest accretion	139
Balance, December 31, 2020	**841**

On February 21, 2020, the Group completed a non-brokered private placement of senior secured convertible notes ("Debentures") and warrants for total gross proceeds of $1,626, net of financing costs of $108 and 3,178 warrants valued at $471 using the inputs and assumptions as per **Note 12(B)(ii)**, this amount was included in contributed surplus.

The senior secured convertible notes bear interest at 10% and are due February 28, 2022. The notes may convert at the option of the holder into 14 common shares and 7 warrants at a price of $0.07 per common share. Each warrant entitles the holder to purchase one additional common share at $0.20 per share.

The conversion price for the common shares is equal to $0.07 per share and the Debentures are subject to prepayment and forced conversion terms under certain circumstances. The Debentures are subject to a four-month hold period under applicable Canadian securities law.

The above debenture was determined to be a compound financial instrument comprising of a host debt component and a residual equity component representing the conversion feature and the additional warrants issuable on conversion. Management used the residual method to allocate the fair value of the conversion options and warrants. Management calculated the fair value of the liability component as $1,047 using a discount rate of 22.5%, which is the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option and then management deducted the fair value of the liability component from the fair value of the debenture as a whole, resulting in a residual amount of $471.

On July 7, 2020, certain holders of the convertible debentures exercised their option to convert the debt into common shares, resulting in an issuance of 7,143 common shares valued at $500 par value. The value attributable to the converted warrants was $155.

D. Promissory note

On July 23, 2020, the Group entered the promissory agreement with a third party. The principal amount $70 was advanced at an interest rate of 10% per annum, calculated quarterly. During the year $10 of this balance was repaid. The principal amount outstanding along with interest accrued is payable on July 23, 2021.

20. Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019
	$	$
Trade payables	1,029	279
Accrued expenses	363	131
Indirect taxes payable	-	11
	1,392	421

21. Financial instruments – risk management

The Group has exposure to the following risks arising from financial instruments:

– credit risk (see (ii));

– liquidity risk (see (iii)); and

– market risk (see (iv)).

i. Risk management framework

The Group's activity exposes it to a variety of financial risks, including credit risk, liquidity risk and market risk. These financial risks are managed by the Group under policies approved by the Board of Directors.

The principal financial risks are actively managed by the Group's finance department, while the Board approved policies and guidelines. On an ongoing basis, the finance department actively monitors the market conditions, with a view of minimizing exposure of the Group to changing market factors, while at the same time limiting the funding costs.

The Group's audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group's contracts exclusively with reputable and credit-worthy partners.

The carrying amount of financial assets and contract assets represents the maximum credit exposure.

Accounts receivable

The Group's exposure to credit risk is mainly influenced by the characteristics of each customer. However, management also considers other factors which may influence the credit risk of the customer base, including the default risk associated with the industry and the country in which the customers operate.

21. Financial instruments – risk management (cont'd)

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, credit information about the customer and the type of home purchased.

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions of the Group's view of economic conditions over the expected lives of the receivables.

Cash and cash equivalents

The Group reduces exposure to credit risk by maintaining bank accounts with large financial institutions.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to maintaining liquidity is to ensure, as far as possible, that it will have sufficient cash and cash equivalents and other liquid assets to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at December 31, 2020, the Group has current liabilities of $1,564; due within 12 months and had cash and cash equivalents of $77 to meet current obligations. As a result, the Group has liquidity risk and is dependent on raising additional funds for its operations.

iv. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is, on occasion, exposed to transactional foreign currency risk to the extent there is a mismatch between currencies in which purchases and receivables are denominated and the respective functional currencies of the Group. The currencies in which transactions are primarily denominated are Canadian dollars and US dollars.

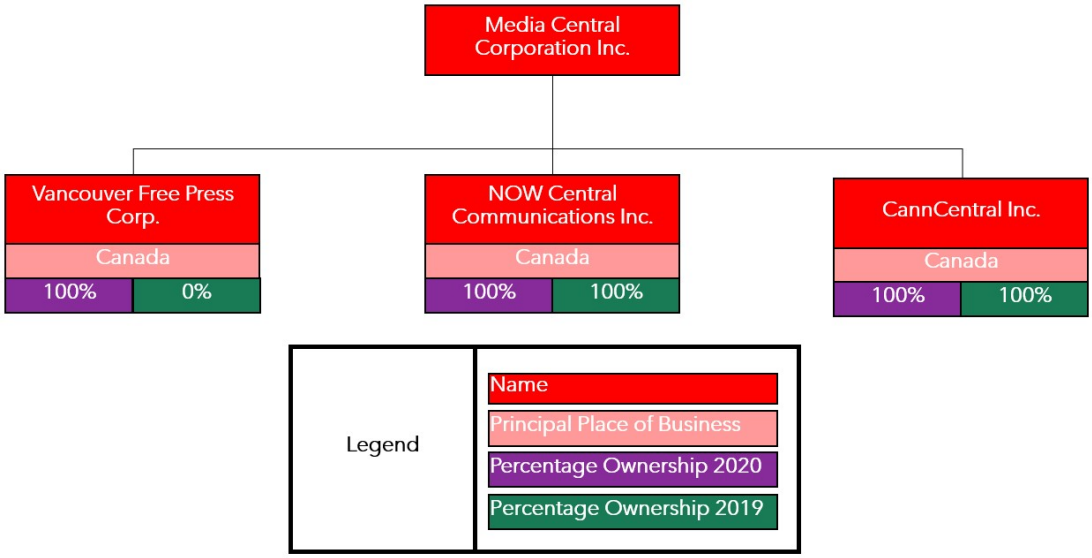
A reasonably possible strengthening (weakening) of the US dollar against all other currencies as at December 31, 2020 would have minimal effect on the measurement of financial instruments denominated in a foreign currencies or equity and profit or loss on account of the majority of transactions being denominated in Canadian dollars.

21. Financial instruments – risk management (cont'd)

Interest rate risk

The Group's borrowings, including the convertible debentures, are not a source of interest rate risk as the interest rate on the borrowings are fixed.

22. List of subsidiaries



A. CannCentral Inc.

On October 28, 2019, the Group completed a qualifying transaction (the "Transaction") to acquire all the outstanding equity interests of the former CannCentral Inc. ("CannCentral"), concurrent with a name change from IntellaEquity Inc. to Media Central Corporation Inc. The shareholders of CannCentral were issued 270,149 common shares and 159,400 warrants at a weighted average issuance price of $0.15 per warrant.

As a result, Media Central became the sole beneficial owner of CannCentral. For additional information regarding the Transaction, see Form 2A Listing Statement on SEDAR.

As the acquirer for accounting purposes, CannCentral Inc.'s net assets are included in the consolidated financial statements at their carrying amounts. The reverse acquisition has been accounted for as a continuation of CannCentral Inc. together with a deemed issuance of shares equivalent to the shares held by the former shareholders of Media Central Corporation Inc.

22. List of subsidiaries (cont'd)

A. CannCentral Inc. (Cont'd)

As a result of the transaction, the fair value of consideration transferred is as follows.

	$
Consideration transferred	2,335
Less fair value of identifiable net assets:	
Cash and cash equivalents	(7)
Trade and other receivables	(19)
Marketable securities and other	(246)
Property, plant and equipment	(156)
Accounts payable and accrued liabilities	95
Loans and borrowings	162
Lease obligations	161
	(10)
Listing expenses	2,325

Listing expenses of $2,594 includes $2,325 of listing expenses relating to the consideration of IntellaEquity shares transferred at fair value and $289 of costs relating to consulting fees and other transaction related costs, is included within administrative expenses on the consolidated statements of loss and comprehensive loss.

B. NOW Magazine

On November 29, 2019, through its subsidiary NOW Central Communications Inc. ("NOW"), the Group acquired the assets of NOW Magazine. The Group has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method.

Taking control of the assets of NOW Magazine enabled the Group to access 25-million annual readers. The acquisition is also expected to provide the Group with an increased share in the customer base. The Group also expects to reduce costs through economies of scale.

As a result of the transaction, the fair value of consideration transferred is as follows.

	Note	**Amount**
		$
Consideration transferred		2,000
Fair value of identifiable net assets		(442)
Goodwill	*16 (A)*	**1,558**

In August 2020, as a result of an adjustment in accordance with the original purchase and sale agreement, $500 was released from escrow and returned to the Group, resulting in a reduction of the overall purchase price by $500. The likelihood of this adjustment was not known at the time of the transaction.

22. List of subsidiaries (cont'd)

B. NOW Magazine (Cont'd)

The goodwill is attributable mainly to the skills and technical talent of NOW's work force and the synergies expected to be achieved from integrating the company into the Group's existing advertising business. None of the goodwill recognized is expected to be deductible for tax purposes.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	
		$
Cash		29
Accounts receivable		286
Property, plant and equipment		201
Right-of-use assets		224
Intangible assets		188
Accounts payable and accrued liabilities		(486)
Total identifiable net assets acquired		**442**

23. Acquisition of subsidiary

On March 2, 2020, the Group acquired the assets of Vancouver Free Press Corp. The Group has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method.

Taking control of the assets of Vancouver Free Press Corporation. the Group's strategic plan is to unify the 100 million coveted consumers of alternative urban media across North America and leverage their considerable value across commercial and social verticals.

For the period subsequent to acquisition, Vancouver Free Press contributed revenue of $821 and loss of $(846) to the Group's results. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue would have been $2,453, and consolidated loss for the year would have been $4,598.

23. Acquisition of subsidiary (Cont'd)

A. Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

	Vancouver Free Press
Cash	750
Common Shares	500
Total consideration transferred	**1,250**

B. Acquisition-related costs

The Group incurred acquisition-related costs of $43 on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

C. Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	Amount
		$
Cash		82
Accounts receivable		253
Prepaid expenses		97
Property, plant and equipment	*15*	104
Accounts payable and accrued liabilities		(420)
Deferred revenue		(44)
Total identifiable net assets acquired		**72**

i. Measurement of fair values

The valuation techniques used for measuring fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration, as well as functional and economic obsolescence.

The accounts receivable comprise gross contractual amounts of $296, of which $43 was expected to be uncollectible at the date of acquisition.

23. Acquisition of subsidiary (Cont'd)

C. Identifiable assets acquired and liabilities assumed (Cont'd)

i. Measurement of fair values (Cont'd)

Fair values measured on a provisional basis

The amounts have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

D. Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	Note	**Amount**
		$
Consideration transferred	*(A)*	1,250
Fair value of identifiable net assets	*(C)*	(72)
Goodwill	*16*	**1,178**

The goodwill is attributable mainly to the skills and technical talent of Vancouver Free Press work force and the synergies expected to be achieved from integrating the company into the Group's existing advertising business. None of the goodwill recognized is expected to be deductible for tax purposes.

24. Contingencies and commitments

The Group may have various other contractual obligations in the normal course of operations. The Group is not contingently liable with respect to litigation, claims and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to profit or loss as and when such determination is made. The Company is a lessee in a month to month lease with no commitment in excess of providing 60 days notice for termination.

25. Related parties

A. Transactions with key management personnel

Key management personnel compensation comprised the following.

	December 31, 2020	December 31, 2019
	$	$
Consulting fees	**444**	334
Stock-based compensation	**106**	2,255
	550	2,589

25. Related parties (Cont'd)

B. Key management personnel transactions

Directors of the Company control 9% of the voting shares of the Group.

C. Balances due to related parties

Included within current liabilities as at December 31, 2020 the Company has a $50 (2019: $nil) balance payable to the board chairman as a result of a non-interest bearing advance with no set terms of repayment.

26. Subsequent events

A. Director Advances

Between January 1, 2021 and March 31, 2021 Directors of the Group advanced $200 in cash to the Group to assist in financing day-to-day operations. These advances have no set repayment terms and are subject to interest at an undetermined interest rate to be set by the Directors when they next meet. The Group expects these advances to be converted into common shares within the current year. Details will be released when more certainty is available.

B. Amendments to warrants

On March 15, 2021 the Company announced its intention to amend the term and exercise price of the warrants issued in April and July 2019 such that the term is extended an additional year and the exercise price is reduced to a price of $0.05 per share.

C. Conversion of debt

On January 15, 2021 five creditors, of which four are arm's length parties to the Corporation, and one is a director of the Corporation, exercised their right to convert their debt instruments into 22,500 common shares in exchange for the cancellation of $225 in debt owed to the parties.

The shares issued in relation to the conversion are subject to a statutory four month holding period.

D. Coronavirus ("COVID-19")

Since December 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused a material interruption to businesses, resulting in a global economic slowdown.

The global equity markets have experienced significant volatility and weakness, with the Canadian government and central bank reacting with significant monetary and fiscal interventions designed to stabilize the economic conditions. The duration and impact of COVID-19 is unknown, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these development and the impact on the financial results and condition of the Group and its operating subsidiaries in future periods.