

HeyBryan Media Inc.

Condensed Interim Consolidated Financial Statements

For the Three Month Period Ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim consolidated financial statements of HeyBryan Media Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

HeyBryan Media Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	March 31, 2020	December 31, 2019
	\$	\$
ASSETS		
Current assets		
Cash	88,979	201,583
Amounts receivable (Note 4)	145,550	124,162
Prepaid expenses (Note 5, 8 and 9)	52,332	221,209
Total current assets	286,861	546,954
Property and equipment (Note 6)	152,638	19,625
Intangible assets (Note 7)	3,617,693	3,773,063
Total assets	4,057,192	4,339,642
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	803,033	379,962
Due to related parties (Note 8)	2,310	2,310
Lease liability (Note 9)	140,463	8,264
Convertible debentures (Note 10)	118,274	373,727
Total liabilities	1,064,080	764,263
SHAREHOLDERS EQUITY		
Share capital (Note 11)	9,586,358	8,516,946
Equity reserves	1,675,344	1,540,035
Subscriptions receivable (Note 11)	(145,004)	–
Deficit	(8,123,586)	(6,481,602)
Total shareholders' equity	2,993,112	3,575,379
Total liabilities and shareholders' equity	4,057,192	4,339,642

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 17)

Approved and authorized for issuance on behalf of the Board of Directors on July 15, 2020:

/s/ "Rita Thiel"
Rita Thiel, Director

/s/ "Lianne Hannaway"
Lianne Hannaway, Director

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

HeyBryan Media Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended March 31,	
	2020	2019
	\$	\$
Revenue	6,455	546
Expenses		
Advertising and promotion	266,679	40,905
Amortization of intangible assets (Note 7)	155,370	94,858
Consulting fees (Note 8 and 16)	347,775	384,222
Depreciation (Note 6)	22,125	2,906
General and administrative	86,136	35,307
Professional fees	22,252	64,062
Rent	10,829	6,341
Royalties (Note 16)	84,444	6,529
Salaries and wages (Note 8)	242,531	47,123
Share-based compensation (recovery) (Note 13)	(47,171)	170,856
Travel	5,730	9,335
Total expenses	(1,196,700)	(862,444)
Other expenses		
Loss on settlement of debt (Note 10)	(171,739)	–
Transaction costs (Note 16)	(280,000)	–
Total other expenses	(451,739)	–
Net loss and comprehensive loss for the period	(1,641,984)	(861,898)
Loss per share, basic and diluted	(0.02)	(0.01)
Weighted average shares outstanding	74,092,181	59,390,022

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

HeyBryan Media Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Share capital		Equity reserves \$	Subscriptions received \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$				
Balance, December 31, 2018	57,292,200	5,133,490	792,140	2,500	(1,818,673)	4,109,457
Issuance of units for cash	3,114,000	778,500	–	(2,500)	–	776,000
Share issuance costs	–	(7,662)	1,362	–	–	(6,300)
Issuance of units for settlement of debt	2,520,000	630,000	–	–	–	630,000
Share-based compensation	–	–	170,856	–	–	170,856
Net loss for the period	–	–	–	–	(861,898)	(861,898)
Balance, March 31, 2019	62,926,200	6,534,328	964,358	–	(2,680,571)	4,818,115
Balance, December 31, 2019	71,282,183	8,516,946	1,540,035	–	(6,481,602)	3,575,379
Issuance of units for cash	8,827,486	575,351	–	(145,004)	–	430,347
Share issuance costs	–	(35,939)	10,741	–	–	(25,198)
Issuance of units for settlement of debt	7,979,591	530,000	171,739	–	–	701,739
Share-based compensation (recovery)	–	–	(47,171)	–	–	(47,171)
Net loss for the period	–	–	–	–	(1,641,984)	(1,641,984)
Balance, March 31, 2020	88,089,260	9,586,358	1,675,344	(145,004)	(8,123,586)	2,993,112

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

HeyBryan Media Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
Operating activities		
Net loss for the period	(1,641,984)	(861,898)
Items not involving cash:		
Accretion of discount on convertible debentures	12,047	–
Amortization of intangible assets	155,370	94,858
Depreciation	22,125	2,906
Interest expense on lease liability	1,288	–
Loss on settlement of debt	171,739	–
Share-based compensation (recovery)	(47,171)	170,856
Changes in non-cash operating working capital:		
Amounts receivable	(21,388)	(55,803)
Prepaid expenses	168,877	4,949
Accounts payable and accrued liabilities	707,477	91,334
Due to related parties	–	(1,253)
Net cash used in operating activities	(471,620)	(554,051)
Investing activities		
Development expenditures incurred on HeyBryan app	(21,906)	(143,813)
Purchase of equipment	(2,201)	(3,369)
Net cash used in investing activities	(24,107)	(147,182)
Financing activities		
Net proceeds from the issuance of units	405,149	769,700
Repayment of lease liability	(22,026)	(2,778)
Net cash provided by financing activities	383,123	766,922
Change in cash	(112,604)	65,689
Cash, beginning of period	201,583	105,706
Cash, end of period	88,979	171,395
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash investing and financing activities:		
Acquisition of right-of-use asset	152,937	–
Units issued for settlement of debt	701,739	630,000
Fair value of broker warrants	10,741	1,362
Development expenditures incurred on HeyBryan App included in accounts payable and accrued liabilities	–	1,250

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

HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Fasttask Technologies Inc. (the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on December 3, 2010. On May 18, 2017, the Company changed its name from Morvin Holdings Inc. to Sativio Holdings Inc. On June 28, 2018, the Company changed its name from Sativio Holding Inc. to HeyBryan Media Inc. On July 11, 2018, the Company changed its name from HeyBryan Media Inc. to Fasttask Technologies Inc. On October 18, 2018, the Company changed its name from Fasttask Technologies Inc. to HeyBryan Media Inc. The address of the Company’s corporate office and principal place of business is Suite 501, 318 Homer Street, Vancouver B.C., V6B 2V2.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has incurred a net loss of \$1,641,984 during the three months ended March 31, 2020 and has incurred an accumulated deficit of \$8,123,586 as at March 31, 2020. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and based on the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2019, which include the Company’s significant accounting policies, and have been prepared in accordance with the same methods of application.

b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company’s management, all adjustments considered necessary for a fair presentation have been included.

HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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2. Basis of Presentation (continued)

c) Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company, HeyBryan Inc. and Fasttask Inc. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.

d) Significant Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of amounts receivable, the useful lives and carrying values of property and equipment and intangible assets, the measurement of share-based compensation, the fair value of warrants issued as compensation, and the measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim consolidated financial statements include the factors that are used in determining the application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the end of the reporting period.

3. Recently Adopted Accounting Standards

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

4. Amounts Receivable

	March 31, 2020	December 31, 2019
	\$	\$
Trade receivable	5,536	6,148
GST receivable	140,014	118,014
	145,550	124,162

5. Prepaid Expenses

	March 31, 2020	December 31, 2019
	\$	\$
Prepaid services	20,304	175,255
Deposits	32,028	45,954
	52,332	221,209

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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6. Property and Equipment

Equipment is comprised of the following:

	Telephone equipment \$	Office furniture & equipment \$	Right-of-use asset \$	Total \$
Cost				
Balance at December 31, 2019	1,241	11,605	35,223	48,069
Additions	–	2,201	152,937	155,138
Reclassification upon expiration of lease term	–	–	(35,223)	(35,223)
Balance at March 31, 2020	1,241	13,806	152,937	167,984
Depreciation and impairment losses				
Balance at December 31, 2019	414	936	27,094	28,444
Additions	103	1,151	20,871	22,125
Reclassification upon expiration of lease term	–	–	(35,223)	(35,223)
Balance at March 31, 2020	517	2,087	12,742	15,346
Carrying amounts				
Balance at December 31, 2019	827	10,669	8,129	19,625
Balance at March 31, 2020	724	11,719	140,195	152,638

7. Intangible Assets

Intangible assets and deferred development costs are comprised of the following:

	HeyBryan application \$	Intellectual property \$	Total \$
Cost			
Balance at December 31, 2019	1,382,239	3,611,387	4,993,626
Development expenditures	–	–	–
Balance at March 31, 2020	1,382,239	3,611,387	4,993,626
Amortization and impairment losses			
Balance at December 31, 2019	420,563	800,000	1,220,563
Additions	155,370	–	155,370
Balance at March 31, 2020	575,933	800,000	1,375,933
Carrying amounts			
Balance at December 31, 2019	961,676	2,811,387	3,773,063
Balance at March 31, 2020	806,306	2,811,387	3,617,693

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8. Related Party Transactions

- a) During the three months ended March 31, 2020, the Company incurred salary and wages of \$39,531 (2019 - \$13,750) to the Chief Executive Officer (“CEO”) of the Company. As at March 31, 2020, the Company owed \$2,310 (December 31, 2019 - \$2,310) to the CEO of the Company, and former owner of HBI and Fasttask, for loans provided to the Company and for expenses paid on behalf of the Company. The balance is unsecured, non-interest bearing and due on demand.
- b) During the three months ended March 31, 2020, the Company incurred consulting fees of \$2,400 (2019 - \$2,400) to a Director of the Company pursuant to a Director Agreement. At March 31, 2020, the Company has prepaid director’s fees of \$2,400 (December 31, 2019 - \$4,800).
- c) During the three months ended March 31, 2020, the Company incurred salaries and wages of \$28,750 (2019 - \$10,000) to the Chief Technology Officer (“CTO”) of the Company.
- d) During the three months ended March 31, 2020, the Company incurred development costs of \$nil (2019 - \$145,063) and consulting fees of \$nil (2019 - \$191,175) to an affiliated company. As at March 31, 2020, the Company owed \$nil (December 31, 2019 - \$29,777) to the affiliated company, which is included in accounts payable and accrued liabilities. In addition, as at March 31, 2020, the Company has paid a deposit of \$10,000 (December 31, 2019 - \$10,000) to the affiliated company, which is included in prepaid expenses.
- e) During the three months ended March 31, 2020, the Company incurred share-based compensation of \$3,246 (2019 - \$59,114) to officers and directors of the Company.

9. Lease Liability

On March 1, 2019, the Company entered into a lease for the provision of office space from March 1, 2019 to March 31, 2020.

On October 8, 2019, the Company entered into a lease agreement for office space located in Vancouver, BC (the “Property”). The lease is for a 3 year term, commencing on January 1, 2020 and expiring on December 31, 2022. The base rent due under the lease agreement is \$4,565 per month. As at March 31, 2020, the Company has paid a deposit on the Property of \$15,053 (December 31, 2019 - \$22,116), which is included in prepaid expenses and deposits.

	\$
Lease obligation as of December 31, 2019	8,264
New lease obligation as of January 1, 2020	164,327
Discounted using the incremental borrowing rate	(11,390)
<hr/>	
Lease liability recognized as of January 1, 2020	161,201
Less: lease payments	(22,026)
Interest expense	1,288
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Lease liability recognized as of March 31, 2020	140,463

The lease liability was discounted using the Company’s incremental borrowing rate of 5%.

The Company’s future minimum lease payments for the premise lease is as follows:

	\$
Fiscal year ending December 31, 2020	41,082
Fiscal year ending December 31, 2021	54,776
Fiscal year ending December 31, 2022	54,776
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Total lease payments	150,634
Amounts representing interest over the term of the lease	(10,170)
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Present value of net lease payments	140,464

HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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10. Convertible Debentures

- a) On June 19, 2019, the Company entered into Convertible Debenture Purchase Agreements for a total principal amount of \$110,000. The principal bears interest at 12% per annum and matures 12 months from the date of issuance of the debentures. The Company received proceeds of \$105,000, net of debt financing costs of \$5,000. Until the principal and interest are paid in full by the Company, the holder may convert any amount of the principal amount and accrued interest into units of the Company at \$0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years following the issuance of the warrant. The holder shall convert a minimum of \$10,000 of the principal amount, unless there is less than \$10,000 of the principal amount outstanding.

The present value of the convertible debentures at issuance was \$107,131, with the residual value of \$2,869 being allocated to the equity component. The debt financing costs were allocated between the liability and equity component on a proportional basis, resulting an initial discount of \$7,739, which will be recognized over the term of the loan using the effective interest rate method, and \$2,739 related to the equity component, which was recognized in equity reserves.

During the three months ended March 31, 2020, the Company recorded accretion interest of \$5,348, which is included in general and administrative expenses, increasing the carrying value of the convertible debts to \$118,274.

- b) On July 4, 2019, the Company entered into a Convertible Debenture Purchase Agreement for a total of \$250,000. The principal bears interest at 12% per annum and matures 12 months from the date of issuance of the debenture. Until the principal and interest are paid in full by the Company, the holder may convert any amount of the principal amount and accrued interest into units of the Company at \$0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant, which is exercisable at \$0.90 per share for a period of 2 years following the issuance of the warrant. The holder shall convert a minimum of \$10,000 of the principal amount, unless there is less than \$10,000 of the principal amount outstanding.

The present value of the convertible debenture at issuance was \$243,478, with the residual value of \$6,522 being allocated to the equity component.

On February 14, 2020, the Company issued 2,729,591 units to settle \$250,000 of convertible debt and \$17,500 of interest pursuant to the convertible debenture dated June 19, 2019. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.12 per share for a period of 24 months. The revised conversion terms represent an inducement to the holder to convert the convertible debenture. As a result, the Company recognized the difference between the fair value of the consideration the holder received on conversion under the revised terms and the fair value of the consideration the holder would have received under the original terms of \$171,739 as a loss on settlement of debt.

During the three months ended March 31, 2020, the Company recorded accretion interest of \$6,699, which is included in general and administrative expenses.

11. Share Capital

Authorized: Unlimited number of common shares without par value

- a) On February 14, 2020, the Company issued 2,729,591 units to settle \$250,000 of convertible debt and \$17,500 of interest pursuant to the convertible debenture dated June 19, 2019 (Note 10(b)). Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.12 per share for a period of 24 months. In connection with the issuance, the Company recognized the incremental fair value of the revised conversion terms of \$171,739 in equity reserves.

HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

11. Share Capital (continued)

- b) On February 26, 2020, the Company issued a total of 3,827,900 units at \$0.085 per unit pursuant to the first tranche of a private placement, of which 572,012 units were issued to settle aggregate debt of \$48,621, for cash proceeds of \$276,750. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.12 per share for 24 months.
- c) On March 31, 2020, the Company issued a total of 10,249,586 units at \$0.05 per unit pursuant to the second tranche of a private placement, of which 5,250,000 units were issued to settle aggregate debt of \$262,500, for cash proceeds of \$249,979, of which \$145,004 is included in subscription receivable at March 31, 2020. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.075 per share for 24 months. In connection with the private placement, the Company paid a finders' fee of \$16,498, incurred other issuance costs of \$8,700 and issued 329,959 brokers' warrants, which have the same terms as the warrants included in the private placement. The brokers' warrants had a fair value of \$10,741, which was determined using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate – 0.42%, dividend yield – 0%, expected volatility – 150%, expected life – 2 years, forfeiture rate – 0%.

12. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2019	56,372,983	1.06
Issued	17,137,036	0.09
Balance, March 31, 2020	73,510,019	0.83

As at March 31, 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,500,000	1.50	June 26, 2020
2,500,000	1.50	June 27, 2020
8,540,000	0.75	July 27, 2020
4,535,000	0.75	August 31, 2020
1,978,000	0.90	September 26, 2020
9,200,000	1.00	September 28, 2020
940,000	0.90	October 17, 2020
3,750,000	1.50	October 31, 2020
443,200	0.90	November 23, 2020
721,600	0.90	December 17, 2020
1,000,000	0.90	December 21, 2020
262,000	0.90	February 15, 2021
25,200	1.00	February 15, 2021
5,372,000	0.90	February 26, 2021
6,250,000	1.50	April 30, 2021
8,355,983	1.00	October 2, 2021
2,729,591	0.12	February 24, 2022
3,827,900	0.12	February 26, 2022
10,579,545	0.08	March 31, 2022
<u>73,510,019</u>		

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Notes to the Condensed Interim Consolidated Financial Statements

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13. Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 per share and the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2019	4,080,000	0.15
Granted	–	–
Outstanding, March 31, 2020	4,080,000	0.15
Exercisable, March 31, 2020	4,080,000	0.15

Additional information regarding stock options outstanding as at March 31, 2020, is as follows:

Exercise price \$	Stock options outstanding	Stock options exercisable	Expiry date
0.25	1,000,000	1,000,000	March 31, 2021
0.10	500,000	500,000	July 23, 2023
0.10	1,400,000	1,400,000	September 28, 2023
0.15	100,000	100,000	December 21, 2023
0.15	1,080,000	1,080,000	February 6, 2024
	4,080,000	4,080,000	

The weighted average remaining life of options outstanding is 2.94 years.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three months ended March 31, 2020, the Company recognized a share-based compensation recovery of \$47,171 (2019 – expense of \$170,856) in equity reserves, of which an expense of \$3,246 (2019 - \$59,114) pertains to directors, officers and a significant shareholder of the Company. The weighted average fair value of options during the three months ended March 31, 2020 was \$0.05 (2019 - \$0.21) per share.

Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2020	2019
Risk-free interest rate	0.78%	1.62%
Dividend yield	0%	0%
Expected volatility	150%	150%
Expected life (years)	1.9	3.5
Forfeiture rate	0%	0%

As at March 31, 2020, there was \$nil (December 2019 - \$14,993) of unrecognized share-based compensation related to unvested stock options.

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Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

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14. Financial Instruments and Risks

a) Fair Value

The fair value of the Company's cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company does not carry any financial instruments at FVTPL.

b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

15. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

16. Commitments

- a) On June 1, 2018, the Company entered into an Endorsement and License Agreement (the "Agreement"), whereby the Company receives endorsement benefits and intellectual property rights from Baeumler Productions Inc. and Bryan Baeumler. Pursuant to the Agreement, the Company is required to pay a royalty equal to the greater of 2.5% of gross bookings through the HeyBryan application, and 1/3 of the total trust and support fees charged to users by the Company. The Company also agreed to pay a minimum royalty of \$26,117 during the first 12-month period following October 1, 2018, and \$337,778 during the second and third 12-month periods following October 1, 2018. During each 12-month period thereafter, the minimum royalty amount must be mutually agreed upon by the parties and shall in no event be less than \$337,778. The Company will accrue the minimum royalty related to the first 12-month period, as it does not expect to generate sufficient gross bookings during this period which would result in the royalties being greater than the minimum royalty. On May 8, 2019, the Company entered into an amendment to the Agreement, whereby the royalty payments for the first 12-month period following October 1, 2018 would be deferred until October 1, 2019. At March 31, 2020, the Company has accrued \$195,006 (December 31, 2019 - \$110,563) of royalties, which is included in accounts payable and accrued liabilities.

HeyBryan Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

16. Commitments (continued)

- b) On February 1, 2019, the Company entered into a Strategic Advisory Agreement with Cor Capital Inc. (“Cor Capital”) to assist in its capital market and business development initiatives. Under the Strategic Advisory Agreement, Cor Capital agreed to provide information, introductions to institutional investors and advice with respect to capital structure and financing in preparation for and in connection with the Company’s initial public offering (the “Services”). Cor Capital began providing the Services as of July 1, 2018. Under the Strategic Advisory Agreement, the Company agreed to pay a fee of \$600,000 plus \$30,000 on account of GST for the Services rendered from July 1, 2018 to February 1, 2019 payable by the issuance of 2,520,000 units, such units valued at \$0.25 per unit and each consisting of one common share and one common share purchase warrant exercisable at a price of \$0.90 per common share for a period of 24 months from the date of issuance. The Company also agreed to grant 1,000,000 options to Cor Capital within 30 days of the Strategic Advisory Agreement. Such options have been granted with an exercise price of \$0.25 for a period of 24 months from the date of issuance. Further, in the event Cor Capital introduces the Company to investors who subscribe for securities in the Company (a “Private Placement”) after February 1, 2019, the Company agreed to pay Cor Capital for the introduction, an additional consulting fee in cash equal to 10% of the gross proceeds to the Company of the Private Placement.
- c) On September 28, 2018, the Company closed a Share Purchase Agreement (the “Agreement”) to acquire HeyBryan Inc. (“HBI”) and Fasttask Inc. (“Fasttask”), private companies incorporated in British Columbia, Canada (the “Transaction”). Pursuant to the transaction, the Company entered into a Conditional Purchase Price Agreement, whereby the Company agreed to pay an additional \$200,000 and issue 1,600,000 consideration units if the Company’s common shares are not listed on the Canadian Stock Exchange or another Canadian stock exchange prior to the date that is 6 months from the later of: (i) the closing date of the Agreement, and (ii) the receipt of the financial statements of HBI and Fasttask. Subsequent to the three months ended March 31, 2020, the Company issued 4,000,000 units to satisfy the \$200,000 obligation and issued 1,600,000 consideration units pursuant to the Conditional Purchase Price Agreement (Note 17(a)). As at March 31, 2020, the Company has recognized the estimated fair value of the obligation of \$280,000 in accounts payable and accrued liabilities.

17. Subsequent Events

- a) On May 7, 2020, the Company issued 1,600,000 consideration units pursuant to a Conditional Purchase Price Agreement with HBI and Fasttask (Note 16(c)). Each consideration unit consists of one common share and one common share purchase warrant exercisable at \$1.00 per share until September 28, 2020. The Company also issued 4,000,000 units in order to satisfy the \$200,000 obligation due under the agreement. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.075 per share until May 7, 2022.
- b) On May 7, 2020, the Company issued a total of 748,195 units to settle debt of \$37,410. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.075 per share until May 7, 2022.