



ImagineAR Inc.
(Formerly: Imagination Park Technologies Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 12, 2020

For the six months ended February 29, 2020 and February 28, 2019

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1. INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of operating results and financial position for the six months ended February 29, 2020 and February 28, 2019 is supplementary to and should be read in conjunction with the condensed interim consolidated financial statements for the same period as well as the audited consolidated financial statements and related notes for the financial years ended August 31, 2019 and 2018. Copies of these documents can be found on the SEDAR website at www.sedar.com. The MD&A is intended to help readers understand the dynamics of our business and the key factors underlying our financial results. The MD&A and the condensed interim consolidated financial statements were approved by the Board of Directors on June 12, 2020.

On April 16, 2020, the Company changed its name to ImagineAR Inc.

2. FORWARD-LOOKING INFORMATION

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

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

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

3. COMPANY OVERVIEW

Imagination Park Technology Inc. (formerly Imagination Park Entertainment Inc.) (“the Company”) is a public company domiciled in Canada incorporated in British Columbia under the laws of the Business Corporation Act (BC, Canada) on October 11, 2011. On April 17, 2019, the Company was continued under the Canadian Business Corporations Act. The Company's head office is located at #510 – 580 Hornby Street, Vancouver, BC, V6C 3B6.

The Company's core business is to deliver engaging and interactive content to users through a cloud-based enterprise augmented reality (“AR”) platform with a brand name of ImagineAR™.

Since March 1, 2019, the Company transitioned ImagineAR™ software development from San Diego, California to Canada to reduce monthly expenditures and leverage a new development partner's mobile app expertise. ImagineAR™ functionality, features, and architecture has been significantly improved with eight (8) new mobile app version releases from March 1, 2019 – July 26, 2019. In the first half of calendar 2019, the Company was focused on beta-tests and successful proof of concepts in key target marketplaces to develop a reference base of use cases and testimonials. As Imagine AR has become fully commercialized starting September 2019, recurring client revenue is expected to increase in fiscal 2020 as the prospective sales funnel has continued to grow on a month by month basis thru the second half of the 2019 calendar year as well as contracted clients are implementing new monthly AR Campaigns.

Additionally, the Company has sponsored a number of large live events in which ImagineAR™ was utilized to deliver AR activations to build ImagineAR™ brand awareness and quickly increase the mobile app download volume. This coming February 2020, the Greater Milwaukee AutoShow has contracted for an AR Scavenger Hunt to engage their attendees while attending the show.

About ImagineAR™ Product Suite

ImagineAR.com - is an “AR-as-a-Service” platform for desktops that enables businesses of any size to create and implement their own AR campaigns with no programming or technology experience. Every organization, from professional sports franchises to small retailers, can develop interactive AR campaigns that blend the real and digital worlds using ImagineAR™. Customers simply point their mobile device at logos, signs, buildings, products, landmarks and more to instantly engage videos, information, advertisements, coupons, 3D holograms and any interactive content all hosted in the cloud and managed using a menu-driven portal. Integrated real-time analytics means that all customer interaction is tracked and measured in real-time.

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

ImagineAR™ SDK/API - Companies can integrate the ImagineAR™ platform with their existing mobile app. Larger companies and brands, who have significantly invested in their mobile app, can instantly create AR immersive campaigns to further expand consumer usage, activation, and downloads. These products will be available through an annual license agreement from the Company.

ImagineAR™ Cloud - Centralized content management system where the content is securely stored and managed.

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

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

The AR experiences could be published to the ImagineAR™ mobile app, ImagineAR SDK, or a white label app developed by the Company. The Company will charge users a Software as a Service ("SaaS") recurring monthly licensing fee for the use of the ImagineAR™ mobile app or an annual recurring licensing fee for the SDK.

The Company has been marketing ImagineAR™ to the sports industry, live events, and the retail marketplace.

Recent successful client agreements include:

On November 19, 2019, the Company entered into a partnership with the Sacramento Kings, to integrate the new Imagine AR™ SDK/API in the award-winning Sacramento Kings + Golden 1 Center app to deliver augmented reality engagement opportunities during home games for fans and guests. The SDK is currently planned to be launched in February 2020.

On November 26, 2019, the Company announced that the 2020 Greater Milwaukee Car & Truck Show, working with the Imagination Park reseller IMP Touch-A-Prize, has executed an agreement to deliver an AR Scavenger Hunt for attendees to activate and experience in February 2020.

On December 3, 2019, the Company signed a deal with the Louisville Bats to deliver augmented reality experiences to the Louisville Slugger Field and the city of Louisville, Kentucky for the 2020 season. The Cincinnati Reds Triple-A MILB affiliate will be among the first Triple-A teams to utilize AR for fan engagement on their iOS or Android mobile devices.

On December 16, 2019, the Company signed a deal with the Houston Saber Cats to deliver augmented reality experiences to AVEVA Field and the city of Houston, Texas for the 2020 season. The Houston Saber Cats Major League Rugby team will utilize Imagine AR™ for fan engagement for iOS and Android mobile devices.

On April 1, 2020, the Company announced partnership with the Louisville Bats to help support local restaurant partners whose operations have been affected by the Coronavirus pandemic. The initiative, "Buddy's Curbside Pick Up," offers the chance to win a variety of great Louisville Bats prizes by simply ordering curbside pickup from a participating restaurant and sharing a picture of your trip on social media with a special hashtag.

On April 29, 2020, the Company signed a five year \$300,000USD licensing agreement to provide its Augmented Reality Platform to SlapItOn for the launch of their new line of interactive products featuring social media leaders, athletes and celebrities.

On May 12, 2020, the Company signed a partnership with Engaged Nation, an award-winning leader in digital engagement marketing for the casino industry. Engaged Nation will integrate the ImagineAR augmented reality platform into their REACH™ Platform as an enhanced offering to their casino clients.

4. NATURE OF CONTINUANCE OF OPERATIONS AND GOING CONCERN

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

At February 29, 2020, the Company had a net working capital of \$497,913 (August 31, 2019 – \$16,921).

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.

5. OUTLOOK

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

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

6. DISCUSSION OF OPERATIONS

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

Six month period ended February 29, 2020 and February 28, 2019

For the six months ended February 29, 2020, the Company had a net loss of \$1,762,147 (with basic and diluted loss per share of \$0.02) compared with a net loss of \$1,730,058 (with basic and diluted loss per share of \$0.02) in the comparative period. During the six months ended February 29, 2020, the Company incurred:

- revenue of \$47,177 (February 28, 2019 - \$83,956). Revenue was primarily generated from AR SaaS licensing fees and professional services fees and for custom content to provide client augmented reality experiences. The decrease in revenue is due to larger contracted services provided in 2019.
- accretion of convertible promissory note of \$Nil (February 28, 2019 - \$226,178). The decrease is due to the repayment of a promissory note in 2019.
- consulting, director and management fees of \$616,034 (February 28, 2019 - \$781,009). The decrease is mainly due to less fees accrued or paid as a number of directors resigned from the Company in fiscal 2020.
- depreciation of \$237,964 (February 28, 2019 - \$Nil). The increase is mainly due to depreciation on previously acquired intangible assets that became commercially viable during the current period.
- professional fees of \$92,458 (February 28, 2019 - \$117,006). The decrease is due to cost saving efforts by the Company. 2019 fees included costs relating to subsidiaries that were disposed of before the current period. As well, 2019 fees included costs relating to that years AGM materials, with no similar costs in 2020.
- share-based compensation of \$327,909 (February 28, 2019 - \$86,988). The increase is due to more stock options being granted to an officer, director, and consultants of the Company during the current period.
- shareholder communications and promotion of \$137,480 (February 28, 2019 - \$242,901). The decrease is primarily due to fewer promotion activities incurred during the current period.
- Software costs of \$300,605 (February 28, 2019 - \$Nil). Prior year software expenses were capitalized as the software was not yet available for use. Current year software costs were expensed as the software was available for use and commercially viable.
- travel and accommodation of \$3,403 (February 28, 2019 - \$50,407). The decrease was due to the directors travelling less frequently for business during the current period.
- wages and salaries of \$53,485 (February 28, 2019 - \$500,151). The decrease is due to the salaries and benefits paid or accrued to the former CFO of the Company and persons working on the advancement of the AR business, including the Vice President of Sales and staff working on the technology itself.
- \$Nil (February 28, 2019 - \$357,000) gain on revaluation of the derivative liability.

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Three month period ended February 29, 2020 and February 28, 2019

For the three months ended February 29, 2020, the Company had a net loss of \$877,003 (with basic and diluted loss per share of \$0.01) compared with a net loss of \$762,844 (with basic and diluted loss per share of \$0.01) in the comparative period. During the three months ended February 29, 2020, the Company incurred:

- revenue of \$27,023 (February 28, 2019 - \$38,162). Revenue was primarily generated from AR SaaS licensing fees and professional services fees and for custom content to provide client augmented reality experiences. The decrease in revenue is due to larger contracted services provided in 2019.
- consulting, director and management fees of \$465,438 (February 28, 2019 - \$393,741). The increase is mainly due to fees accrued or paid to the newly appointed advisory board member in fiscal 2020.
- depreciation of \$9,110 (February 28, 2019 - \$Nil). The increase is mainly due to depreciation on previously acquired intangible assets that became commercially viable during the current period.
- professional fees of \$52,330 (February 28, 2019 - \$34,401). The increase is due to more legal services incurred in current period.
- share-based compensation of \$87,630 (February 28, 2019 - \$16,737). The increase is due to stock options being granted to an officer, director, and consultants of the Company during the current period.
- shareholder communications and promotion of \$99,760 (February 28, 2019 - \$10,774). The increase is primarily due to the Company's effort to raising awareness in the market during the current period.
- Software costs of \$174,147 (February 28, 2019 - \$Nil). Prior year software expenses were capitalized as the software was not yet available for use. Current year software costs were expensed as the software was available for use and commercially viable.
- travel and accommodation of \$821 (February 28, 2019 - \$25,141). The decrease was due to the directors travelling less frequently for business during the current period.
- wages and salaries of \$17,141 (February 28, 2019 - \$349,596). The decrease is due to the salaries and benefits paid or accrued to the former CFO of the Company and persons working on the advancement of the AR business, including the Vice President of Sales and staff working on the technology itself.
- \$Nil (February 28, 2019 - \$16,000) gain on revaluation of the derivative liability.

7. SUMMARY OF QUARTERLY RESULTS

The following table contains selected consolidated financial information for the Company, prepared in accordance with IFRS, for the eight most recently completed quarters of 2020 and 2019:

Three Months Ended	Feb. 29, 2020	Nov. 30, 2019	Aug. 31, 2019	May 31, 2019
	\$	\$	\$	\$
Revenue and other income	27,023	20,154	43,500	7,161
Loss and Comprehensive loss	(877,003)	(885,144)	(320,741)	(309,827)
Loss per Common Share	(0.01)	(0.01)	(0.02)	(0.00)

Three Months Ended	Feb. 28, 2019	Nov. 30, 2018	Aug. 31, 2018	May 31, 2018
	\$	\$	\$	\$
Revenue and other income	38,162	45,794	(37,889)	-
(Loss) Income and Comprehensive (loss) Income	(762,844)	(967,214)	(437,104)	293,604
(Loss) Income per Common Share	(0.01)	(0.01)	(0.01)	0.00

8. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was \$568,942 at February 29, 2020 compared to \$439,721 at August 31, 2019. The Company had a working capital of \$497,913 at February 29, 2020 (August 31, 2019 – \$16,921). During the period ended February 29, 2020, cash flow activities consisted of:

- i) cash spent on operating activities of \$1,340,561 (February 28, 2019 - \$1,575,086) consisting of operating expenses during the current period.
- ii) cash received from financing activities of \$1,469,782 (February 28, 2019 - \$3,005,312) primarily consist of cash received from convertible debenture, net of issuance costs.
- iii) cash spent on investing activities of \$Nil (February 28, 2019 - \$92,397).

9. SHARE CAPITAL

As at the date of this report, the Company had 122,269,819 common shares issued and outstanding and the following incentive stock options were outstanding:

Expiry Date	Exercise Price	Number of Options Outstanding	Exercisable
January 30, 2021	\$0.045	250,000	250,000
January 30, 2021	0.05	750,000	750,000
February 5, 2021	0.075	100,000	100,000
March 10, 2021	0.05	100,000	100,000
May 7, 2021	0.05	200,000	200,000
May 20, 2021	0.05	1,000,000	1,000,000
September 28, 2021	0.14	500,000	500,000
November 16, 2021	0.15	50,000	50,000
February 1, 2022	0.10	100,000	100,000
February 3, 2022	0.05	317,100	317,100
March 25, 2022	0.055	100,000	100,000
April 12, 2022	0.50	40,000	40,000
April 18, 2022	0.31	750,000	750,000
June 10, 2022	0.10	100,000	100,000
July 4, 2022	0.26	250,000	250,000
September 12, 2022	0.05	500,000	250,000
October 9, 2022	0.05	2,000,000	2,000,000
November 9, 2022	0.28	325,000	325,000
February 19, 2023	0.10	750,000	750,000
April 11, 2024	0.60	1,500,000	1,500,000
May 14, 2024	0.90	1,000,000	1,000,000
April 21, 2025	0.05	200,000	200,000
April 27, 2025	0.05	250,000	250,000
		11,132,100	11,132,100

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As at the date of this report, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
November 14, 2020	\$0.32	2,500,000
May 16, 2021	0.25	4,758,571
August 9, 2021	0.25	3,700,000
November 5, 2021	0.25	25,075,068
January 21, 2022	0.05	1,500,000
January 30, 2023	0.10	42,000
January 30, 2023	0.10	4,400,000
February 25, 2023	0.10	184,900
		42,160,539

10. OFF-BALANCE SHEET ARRANGEMENTS

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

11. RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

	<i>For the period ended,</i>	
	February 29, 2020	February 28, 2019
Consulting, director, and management fees	\$ 154,526	\$ 499,925
Share-based compensation	142,468	61,950
Total	\$ 296,994	\$ 561,875

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the period ended February 29, 2020, the Company paid or accrued:

- i) management and consulting fees of \$142,526 (February 28, 2019 - \$127,425), to the CEO of the Company, namely Alen Paul Silverrstieen.
- ii) consulting fees of \$Nil (February 28, 2019 - \$77,000) to Triton Films Inc., a corporation owned by a former director and former CEO of the Company, namely Gabriel Napora.
- iii) consulting fees of \$Nil (February 28, 2019 - \$ Nil) to a former director of the Company, namely Tim Marlowe.
- iv) consulting fees of \$Nil (February 28, 2019 - \$69,000) to a former director of the Company, namely Yas Taalat.
- v) consulting fees of \$Nil (February 28, 2019 - \$6,500) to a former director of the Company, namely Ben Lu.

- vi) director fees of \$Nil (February 28, 2019 - \$120,000) recorded in consulting and management fees to a former director of the Company, namely James Skippen.
- vii) director fees of \$Nil (February 28, 2019 - \$100,000) recorded in consulting and management fees to a former director of the Company, namely John Gillberry.
- viii) consulting fees of \$12,000 (February 28, 2019 - \$Nil) to the CFO of the Company, namely Leon Ho.

As of February 29, 2020, \$100,000 (August 31, 2019 - \$Nil) owed to the Company by a director for subscription payments in the convertible debentures and is included in receivables.

As of February 29, 2020, \$160,668 (August 31, 2019 - \$163,346) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

During the period ended February 29, 2020, the Company issued 2,800,000 stock options (February 28, 2019 – 800,000) to an officer, and a director resulting in share-based compensation of \$142,478 (February 28, 2019 - \$ 61,950).

12. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS AND FUTURE ACCOUNTING CHANGES

New accounting standards and interpretations

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

13. FINANCIAL INSTRUMENTS

Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

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Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes to the Company's approach to mitigating risk exposures during the period ended February 29, 2020.

Fair value

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

Financial statements measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as either "Level 1" Unadjusted quoted prices in active markets for identical assets or liabilities; "Level 2" Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and, "Level 3" Inputs that are not based on observable market data.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

	February 29, 2020			August 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Asset						
Cash	\$ 568,942	\$ -	\$ -	\$ 439,721	\$ -	\$ -

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instrument or future media related transactions. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at February 29, 2020, the Company had \$588,621 (August 31, 2019 - \$476,966) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days.

Interest risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at February 29, 2020, the Company has US\$54,370 included in cash, and US\$145,952 included in accounts payable and accrued liabilities. Management does not hedge its foreign exchange risk, and does not believe a change in foreign exchange would materially affect the Company at its current stage.

14. CAPITAL MANAGEMENT

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

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

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

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

15. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

16. RISKS AND UNCERTAINTIES

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

Financing

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

Key Personnel

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

Competition

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