

YANGAROO Inc.

Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of YANGAROO Inc. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

“Grant Schuetrumpf”

Grant Schuetrumpf

Interim Chief Executive Officer

“Dom Kizek”

Dom Kizek

Chief Financial Officer

November 24, 2020

YANGAROO Inc.

Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

	As at	
	September 30 2020	December 31 2019 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 2,284,109	\$ 1,570,483
Accounts receivable	1,359,341	1,549,792
Prepaid and sundry assets	346,627	379,120
Contract assets	55,056	93,801
	4,045,133	3,593,196
Non-current		
Property and equipment (note 6)	399,419	534,475
	\$ 4,444,552	\$ 4,127,671
Liabilities		
Current		
Trade and other payables (note 7)	\$ 685,516	\$ 472,030
Contract liabilities	56,842	73,810
Current portion of lease obligations (note 8)	180,432	210,655
Revolving loan facility (note 9)	-	750,000
	922,790	1,506,495
Non-current		
Lease obligations (note 8)	111,028	247,670
	1,033,818	1,754,165
Equity		
Share capital (note 10)	32,446,702	32,490,832
Warrant capital (note 12)	-	29,950
Contributed surplus	7,018,939	6,851,029
Deficit	(36,054,907)	(36,998,305)
	3,410,734	2,373,506
	\$ 4,444,552	\$ 4,127,671

Commitments and contingencies (note 17)
Subsequent events (note 18)

Approved by the Board of Directors

"Anthony Miller"
Director

"Roy T. Graydon"
Director

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Net Income (Loss) and Comprehensive Income (Loss) (Unaudited)
 Three and nine months ended September 30, 2020 and 2019
 (Expressed in Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Revenue (note 14)	\$ 1,921,312	\$ 1,959,865	\$ 5,880,774	\$ 5,580,655
Commission and production costs	116,253	119,297	317,728	315,559
Revenue, net of commission and production costs	1,805,059	1,840,568	5,563,046	5,265,046
Expenses				
Salaries and consulting (notes 11,15 & 16)	1,035,182	1,337,120	3,663,201	4,321,216
Marketing and promotion	1,691	90,367	108,043	276,886
General and administrative	252,091	220,983	600,851	582,921
Technology development	43,843	18,247	147,870	111,565
Depreciation of property and equipment (note 6)	65,454	66,438	204,808	256,931
	1,398,262	1,733,156	4,724,773	5,482,511
Net income (loss) from operations	406,797	107,413	838,274	(217,414)
Other income (expenses)				
Interest income	1,166	4,549	6,578	17,534
Interest expense	(3,749)	(6,144)	(19,727)	(59,325)
Foreign exchange gain (loss)	(19,584)	17,260	118,284	(45,242)
	(22,167)	54,289	105,134	(87,032)
Net income (loss) before income tax	384,630	161,702	943,408	(304,447)
Corporate income tax	-	(4,069)	-	(4,394)
Net income (loss) and comprehensive income (loss)	\$ 384,630	\$ 157,633	\$ 943,408	\$ (308,840)
Basic income (loss) per share (note 13)	\$ 0.01	\$ 0.00	\$ 0.02	\$ (0.01)
Diluted income (loss) per share (note 13)	\$ 0.01	\$ 0.00	\$ 0.02	\$ (0.01)

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Changes in Equity (Unaudited)

Nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrant Capital	Contributed Surplus	Deficit	Total
Balance at January 1, 2019 (audited)	61,339,140	\$32,558,445	\$ 203,824	\$6,366,932	\$ (36,846,957)	\$ 2,282,244
Share-based payments (note 11)	-	-	-	265,019	-	265,019
Shares repurchased and cancelled (note 10)	(325,000)	(42,757)	-	-	-	(42,757)
Expiry of warrants (note 12)	-	-	(173,874)	173,874	-	-
Loss for the period	-	-	-	-	(308,840)	(308,840)
Balance at September 30, 2019	61,014,140	\$32,515,688	\$ 29,950	\$6,805,825	\$(37,155,797)	\$ 2,195,666
Balance at January 1, 2020 (audited)	60,833,640	\$32,490,832	\$29,950	\$6,851,029	\$(36,998,315)	\$2,373,506
Share-based payments (note 11)	-	-	-	137,960	-	137,960
Share repurchased and cancelled (note 10)	(361,500)	(44,130)	-	-	-	(44,130)
Expiry of warrants (note 12)	-	-	(29,950)	29,950	-	-
Income for the period	-	-	-	-	943,408	943,408
Balance at September 30, 2020	60,472,140	\$32,446,702	\$ -	\$7,018,939	\$(36,054,907)	\$3,410,734

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Cash Flows (Unaudited)

Nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

	Nine Months Ended September 30	
	2020	2019
Cash flow from (used in) operating activities		
Net income (loss) for the period	\$ 943,408	\$ (312,155)
Items not affecting cash:		
Depreciation of property and equipment	204,808	256,931
Bad debt expense	43,019	7,850
Share-based payments (note 11)	137,960	265,019
Accrued contractual severance payable	-	89,814
Unrealized foreign exchange loss	(319,009)	(79,400)
Accrued interest on debentures	-	27,321
Changes in non-cash operating working capital:		
Accounts receivable	220,501	195,933
Prepaid and sundry assets	22,334	(67,428)
Contract assets	38,745	55,558
Trade and other payables	246,466	(4,450)
Contract liabilities	(16,968)	(28,875)
Net cash from operating activities	1,521,264	406,118
Cash flow used in investing activities		
Acquisition of property and equipment (note 6)	(69,753)	(26,582)
Net cash used in investing activities	(69,753)	(26,582)
Cash flow used in financing activities		
Payment of lease obligations	(166,875)	(209,087)
Extinguishment of debentures	-	(613,472)
Proceeds from (repayment of) revolving loan facility (note 9)	(750,000)	750,000
Common shares repurchased and cancelled (note 10)	(44,130)	(43,295)
Net cash used in financing activities	(961,005)	(115,854)
Net increase in cash	490,506	263,682
Effect of foreign exchange on cash	223,120	18
Cash and cash equivalents, beginning of period	1,570,483	1,441,716
Cash and cash equivalents, end of period	\$ 2,284,109	\$ 1,705,416
Cash interest paid	\$ 15,978	\$ 185,467

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

1. Nature of Operations

YANGAROO Inc. ("Company") is a software company that is the provider of work-flow management solutions for the media industry. The Company's Digital Media Distribution System (DMDS) platform is an end to end technology solution that provides a fully integrated work flow based digital distribution and data management solution. DMDS provides audio and video content for music, music videos, advertising to television, radio, media, retailers, award shows and other authorized recipients via the cloud in desktop and mobile platforms, as well as related work flow services such as programmatic and program clearance data management.

YANGAROO Inc. is a publicly listed company incorporated on July 28, 1999 under the laws of Ontario as Musicrypt.com Inc. and changed to its present name on July 17, 2007. YANGAROO trades on the TSX Venture Exchange (TSX-V) under the symbol YOO and in the U.S. under OTCBB: YOOIF.

The address of the Company's corporate office and principal place of business is 67 Mowat Avenue, Suite 535, Toronto, Ontario, M6K 3E3.

2. Basis of Preparation

(a) Basis of compliance

These unaudited condensed interim financial statements were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the year ended December 31, 2019. These unaudited condensed interim financial statements are in compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), have been omitted. The preparation of these unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

These unaudited condensed financial statements were authorized for issue by the Board of Directors on November 24, 2020.

(b) Basis of measurement

The unaudited condensed interim financial statements have been prepared on the historical cost basis except certain financial instruments recorded at fair value through profit and loss. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Preparation (continued)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Share-based payments

Share-based payments which include stock options granted to employees, officers and directors and warrants granted to agents and debenture holders, to the extent that they are not measured at the fair value of the services received, are based on the fair value at the date of the award. These share-based payments are valued using the Black-Scholes option pricing model, which includes inputs that require management's estimates and assumptions (note 11).

(ii) Revenue recognition

To the extent a contract includes multiple performance obligations, the Company applies judgement to determine whether these performance obligations are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation. Additionally, recognition of revenue requires significant judgement to determine if revenue is recognized at a point in time or over time.

(iii) Investment tax credits

The Company uses judgement to determine the reasonable assurance of collection and estimates the valuation of investment tax credits to be accrued.

(iv) Functional currency

The Company uses judgement to determine the Company's functional currency.

(v) Collectability of accounts receivable

The Company applies the simplified method to measure loss allowance on accounts receivable at an amount equal to the lifetime expected credit loss (ECL).

(vi) Leases

The Company uses judgement to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

3. Significant Accounting Policies

These condensed interim financial statements follow the same accounting policies and methods of their application as the December 31, 2019 annual audited financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, warrant capital, contributed surplus, and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market platform services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended September 30, 2020.

5. Comparative Figures

Certain cash balances were reclassified from accounts receivable to cash and cash equivalents in the prior period to conform to the current period's presentation.

6. Property and Equipment

	Office equipment	Computer equipment	Computer software	Right-of-use office property	Leasehold improvements	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, January 1, 2019	34,367	617,438	274,752	-	10,275	936,832
Additions	-	52,617	80,890	486,205	1,841	621,553
Balance, December 31, 2019	34,367	670,055	355,642	486,205	12,116	1,558,385
Additions	740	29,646	36,786	-	2,581	69,753
Balance, September 30, 2020	35,107	699,701	392,428	486,205	14,697	1,628,138
Accumulated depreciation						
Balance, January 1, 2019	28,092	509,247	226,205	-	2,646	766,190
Depreciation expense	2,682	72,140	45,759	134,652	2,487	257,720
Balance, December 31, 2019	30,774	581,387	271,964	134,652	5,133	1,023,910
Depreciation expense	1,166	60,271	37,718	103,208	2,445	204,808
Balance, September 30, 2020	31,940	641,658	309,682	237,860	7,578	1,228,718
Carrying amounts						
December 31, 2019	3,593	88,668	83,678	351,553	6,983	534,475
September 30, 2020	3,167	58,043	82,746	248,345	7,119	399,419

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Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

6. Property and Equipment (continued)

Included in property and equipment are computer equipment and computer software under leases with a cost of \$551,264 (2019 - \$576,239). Accumulated depreciation for these assets under leases is \$508,917 (2019 - \$522,584).

7. Trade and Other Payables

	September 30 2020	December 31 2019
Trade payables	\$ 106,856	\$ 145,250
Non-trade payables	578,660	326,780
	\$ 685,516	\$ 472,030

8. Lease Obligations

The Company has lease obligations until 2022 with purchase options at the end of each lease term. All of these lease agreements have 3-5 year terms at inception and carry a weighted average incremental borrowing rate of 4.21% per annum (2019 – 4.38%).

	Computer Equipment	Software	Property	Total Lease Liability
Balance at December 31, 2019	\$ 66,743	\$ 44,969	\$346,613	\$ 458,325
Additions during the period	-	-	-	-
Principal payments	(46,551)	(20,341)	(99,973)	(166,865)
Balance at September 30, 2020	\$ 20,192	\$ 24,628	\$246,640	\$ 291,460
Current lease obligation	\$ 11,930	\$ 20,093	\$148,409	\$ 180,432
Long-term lease obligation	8,262	4,535	98,231	111,028
Balance at September 30, 2020	\$ 20,192	\$ 24,628	\$246,640	\$ 291,460
Effective annual rate of interest	5.20%	4.57%	4.24%	4.97%
Amount of interest recognized in statement of income (loss)	\$ 858	\$ 1,323	\$ 10,094	\$ 12,275

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

9. Revolving Loan Facility

On May 23, 2019, the Company closed a \$750,000 revolving loan facility. During the nine months ended September 30, 2020 the Company amended the revolving loan facility to increase maximum draw capacity to \$1,000,000. The revolving loan facility carries interest at prime plus 0.5 percent per annum. Borrowings under the revolving loan facility are due on demand and are secured by a general security agreement. As at September 30, 2020 the Company has drawn down \$nil (December 31, 2019 - \$750,000) on the revolving loan facility.

10. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following is a summary of changes in common share capital:

	Number of shares	Value
Balance at January 1, 2019	61,339,140	\$ 32,558,445
Share buyback ^(a)	(625,500)	(80,813)
Exercise of options ^(b)	120,000	13,200
Balance at December 31, 2019	60,833,640	\$ 32,490,832
Share buyback ^(a)	(361,500)	(44,129)
Balance at September 30, 2020	60,472,140	\$ 32,446,702

(a) On December 20, 2018, the Company announced a normal course issuer bid to purchase and cancel up to a maximum of 3,066,957 common shares representing 5% of the outstanding shares of the Company. As of September 30, 2020, the Company has purchased and cancelled 987,000 shares at a weighted average price of \$0.13 per share.

(b) Exercise of 120,000 stock options at a price of \$0.10 per share for gross proceeds of \$12,000. The initial value of \$1,200 related to the options' original issuances was reclassified from contributed surplus to share capital.

11. Share-Based Payments

The Company has a 14% fixed stock option plan (the "Plan"), in which the total number of options shall not exceed 8,466,099, which was 14% of the issued and outstanding number of shares as of the date of approval. The Plan was approved at the Company's Annual Meeting of the Shareholders held on June 11, 2020.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

11. Share-Based Payments (continued)

The Company had issued stock options to acquire common shares as follows:

	Weighted average exercise price	Outstanding options	Vested options	Weighted average remaining life (years)
Balance at January 1, 2019	\$ 0.210	5,006,500	4,199,500	2.45
Granted	0.146	3,030,000		
Forfeited	0.179	(164,500)		
Expired	0.336	(837,000)		
Exercised	0.100	(120,000)		
Balance at December 31, 2019	\$ 0.167	6,915,000	5,550,000	2.87
Granted	0.115	1,111,000		
Expired	0.185	(1,107,500)		
Balance at September 30, 2020	\$ 0.156	6,918,500	6,002,000	2.95

For the period ended September 30, 2020, the fair value of options granted was \$107,495 (2019 - \$344,872).

The estimated fair value of the options is expensed over the vesting period. The options vest 10% on the date of grant, and the remaining 90% vest as to a third on each 6-month anniversary following the date of grant. The compensation expense and charge to contributed surplus relating to the stock options for the three and nine months ended September 30, 2020 was \$30,048 and \$137,960, respectively (2019 - \$81,534 and \$265,019).

The fair value of the Company's stock options grants was estimated using the Black-Scholes option pricing model. Stock options granted during the periods ended September 30, 2020 and 2019 used the following weighted average assumptions:

	September 30 2020	September 30 2019
Volatility (based on historical share prices)	115%	81%
Risk-free interest rate	1.34%	1.76%
Expected life (years)	5.00	5.00
Dividend yield	Nil	Nil
Forfeiture rate	1%	11%
Underlying share price	\$0.12	\$0.14

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

11. Share-Based Payments (continued)

The Company had the following stock options outstanding at September 30, 2020:

Number of options	Number of unvested options	Number of vested options	Exercise price	Expiry date
207,500	-	207,500	\$0.150	January 11, 2021
5,000	-	5,000	\$0.115	September 6, 2021
927,500	-	927,500	\$0.100	January 10, 2022
500,000	-	500,000	\$0.140	May 1, 2022
75,000	-	75,000	\$0.120	August 25, 2022
1,177,500	-	1,177,500	\$0.275	January 8, 2023
2,040,000	-	2,040,000	\$0.155	January 4, 2024
100,000	-	100,000	\$0.150	February 20, 2024
775,000	232,500	542,500	\$0.120	June 18, 2024
1,041,000	621,000	420,000	\$0.115	February 4, 2025
70,000	63,000	7,000	\$0.105	September 15, 2025
6,918,500	916,500	6,002,000	\$0.156	

12. Warrants

The Company had issued warrants to acquire common shares as follows:

	Number of warrants	Amount	Weighted average exercise price
Balance at January 1, 2019	3,009,845	\$ 203,824	\$ 0.19
Warrants issued	-	-	-
Warrants expired	(2,509,845)	(173,874)	(0.20)
Balance at December 31, 2019	500,000	\$ 29,950	\$ 0.15
Warrants expired	(500,00)	(29,950)	(0.15)
Balance at September 30, 2020	-	\$ -	\$ -

The Company had no warrants outstanding and exercisable as at September 30, 2020.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

13. Basic and Diluted Income (Loss) per Share

The income (loss) and weighted average number of common shares used in the calculation of basic and diluted income (loss) per share for the nine months ended September 30, 2020 and 2019 were as follows:

	September 30 2020	September 30 2019
Numerator:		
Net income (loss) and comprehensive income (loss) for the year	\$ 943,398	\$ (312,155)
Denominator:		
Weighted average number of common shares - basic	60,513,669	61,166,138
Adjustments for calculation of diluted income per share:		
Options in the money	1,363,500	-
Weighted average number of common shares - diluted	61,877,169	61,166,138
Basic income (loss) per share	\$ 0.02	\$ (0.01)
Diluted income (loss) per share	\$ 0.02	\$ (0.01)

14. Segmented Information

The Company provides Advertising, Entertainment and Awards Management software workflow solutions to customers across multiple geographic regions. It considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker is the Chief Executive Officer of the Company. For revenues, the amounts included are from the originating country.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

14. Segmented Information (continued)

Below is the breakdown of revenue and long-term assets by operating segment:

As at and for the nine months ended September 30, 2020	Canada	US	Total
Advertising	\$ 172,536	\$ 3,371,457	\$ 3,543,993
Entertainment			
Music	508,813	893,550	1,402,363
Awards management	95,920	838,499	934,419
	604,733	1,732,048	2,336,782
Total revenue	\$ 777,269	\$ 5,103,505	\$ 5,880,774
Property and equipment	\$ 395,665	\$ 3,754	\$ 399,419

As at and for the nine months ended September 30, 2019	Canada	US	Total
Advertising	\$ 301,413	\$ 2,973,145	\$ 3,274,558
Entertainment			
Music	492,412	778,156	1,270,568
Awards management	107,683	927,846	1,035,529
	600,095	1,706,002	2,306,097
Total revenue	\$ 901,508	\$ 4,679,147	\$ 5,580,655
Property and equipment	\$ 830,052	\$ 4,081	\$ 834,133

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

15. Related Party Transactions

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's stock option program (note 11).

Key management personnel compensation are as follows for the nine months ended:

	September 30 2020	September 30 2019
Salaries and short-term employee benefits ⁽ⁱ⁾	\$ 1,034,669	\$ 968,563
Share-based payments	126,825	233,531
	\$ 1,161,494	\$ 1,202,094

(i) Short-term employee benefits include bonuses, vacation pay and commission.

16. Salaries & Consulting

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a global pandemic. COVID-19 negatively impacted the Company's operations for the period ended September 30, 2020.

The Company qualified for and participated in the Canada Emergency Wage Subsidy ("CEWS"), launched by the Canadian Federal Government for qualifying Canadian companies, beginning in the second quarter of 2020. During the three and nine months ended September 30, 2020, the Company recognized credits of \$403,960 and \$850,960, respectively, in salaries and consulting expenditures resulting from CEWS funds received.

17. Commitments and Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. There were no litigation and claims during the period ended September 30, 2020.

18. Subsequent Events

On October 23, 2020, the Company announced the resignation of its President, Chief Executive Officer, and Corporate Secretary and subsequently announced the appointment of an Interim President and Chief Executive Officer.