

INTEMA

Technologies + Marketing



Interim Financial Statements

for the THIRD QUARTER ended SEPTEMBER 30, 2018

(unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING



The interim financial statements of Intema Solutions Inc. are the responsibility of management and have been approved by the Board of Directors on November 29, 2018. The management responsibility in this respect includes the selection of appropriate accounting policies as well as the exercise of some judgment in establishing reasonable and fair estimates in accordance with International Financial Reporting Standards (IFRS) appropriate in the circumstances.

The Company maintains accounting systems and internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that we can rely on the accounting records for the preparation of interim financial statements.

The Board of Directors assumes its responsibilities for the interim financial statements principally through its Audit Committee. The Audit Committee reviews the interim financial statements and recommends their approval to the Board of Directors.

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Roger Plourde
Chief executive officer

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Diane Do Marcolino, CPA, CMA
Interim Chief financial officer

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Sébastien Plourde
Director and Corporative secretary



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Interim Condensed Income Statements and Statements of Comprehensive Income

(in Canadian dollars)	Three Months		Nine Months	
	ended September 30		ended September 30	
	2018 unaudited \$	2017 (unaudited) \$	2018 (unaudited) \$	2017 (unaudited) \$
Revenue from Continuing Operations	182,965	180,002	452,662	649,183
Direct Costs	83,004	96,451	249,354	252,054
Direct Labor	8,706	9,134	42,961	83,726
Gross Profit	91,255	74,417	160,347	313,403
Administrative and Sales Expenses	130,210	169,115	509,601	518,285
Research and Development Expenses	48,962	49,723	159,350	158,491
Operating Profit (Loss)	(87,917)	(144,421)	(508,604)	(363,373)
Financial Income (note 4)	0	0	0	0
Financial Expenses (note 4)	4,429	7,754	23,929	25,395
Profit (Loss) Before Following Items	(92,346)	(152,175)	(532,533)	(388,768)
Gain on write-off of creditors	0	0	0	(71,250)
Net Profit (Loss) Before Tax	(92,346)	(152,175)	(532,533)	(317,518)
Uses of losses carried forward	0	0	0	0
Net Profit (Loss) and Total Comprehensive Income	(92,346)	(152,175)	(532,533)	(317,518)
Weighted Average Number of Outstanding Shares during the Period (note 5)	82,740,379	79,548,017	82,740,379	79,548,017
Earnings (Loss) per Share (note 5)				
Basic and Diluted	(0.0011)	(0.0019)	(0.0064)	(0.0040)

The accompanying notes are an integral part of the Interim Financial Statements.



Interim Statements of changes in Equity

For the period of nine months ended September 30, 2018
(unaudited)

(in Canadian dollars)

	Shares Number	Capital Amount	Warrants	Equity Component of the convertible debentures	Contributed Surplus	Deficit	Total Equity (Deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance on January 1st, 2018	79,762,243	6,219,987	165,408	19,571	948,585	(7,511,183)	(157,632)
Issuance of Capital Stock	5,447,334	193,087	239,581	0	1,232	0	433,900
Cost of Issuance of Capital Stock	0	(18,765)	0	0	0	0	(18,765)
Net Loss and Total comprehensive income	0	0	0	0	0	(532,533)	(532,533)
Balance on September 30, 2018	85,209,577	6,394,309	404,989	19,571	949,817	(8,043,716)	(275,030)
Balance on January 1st 2017	79,762,243	6,219,987	985,007	17,127	128,986	(6,537,412)	813,695
Expired warrants	0	0	(819,704)	0	819,704	0	0
Net Loss and Total comprehensive income	0	0	0	0	0	(317,518)	(317,518)
Balance on September 30, 2017	79,762,243	6,219,987	165,303	17,127	948,690	(6,854,930)	496,177

The accompanying notes are integral part of the Interim Financial Statements.

Interim Statements of Financial Position

	September 30 2018	December 31 2017
(in Canadian dollars)	\$	\$
	(unaudited)	(audited)
ASSETS		
Current		
Cash and Cash Equivalents (note 6)	14,141	0
Trade and other receivables (note 7)	218,793	68,914
Prepaid expenses	8,895	6,924
Research and Development Recoverable Tax Credit	44,659	81,507
Current Assets	286,488	157,345
Non-current		
Investment (note 8)	19,571	16,646
Property, Plant and Equipment (note 9)	112,771	140,954
Finance Leases Equipments (note 10)	44,732	57,718
Other Intangible Assets (note 11)	201,859	259,335
Goodwill (note 12)	49,536	49,536
Research and Development Tax Credit non Recoverable	240,782	240,782
Non-current assets	669,251	764,971
Total Assets	955,739	922,316

Interim Statements of Financial Position

	September 30 2018	December 31 2017
(in Canadian dollars)	\$	\$
	(unaudited)	(unaudited)
LIABILITIES		
Current		
Bank Overdraft (note 6)	0	25,213
Employees benefits	446,201	382,173
Trade and Other Payables (note 14)	640,647	548,054
Deferred Revenue	48,526	5,528
Current portion of long-term debts (note 16)	10,395	23,895
Current portion of obligation under finance leases (note 17)	0	15,010
Current Liabilities	1,145,769	999,873
Non-currents		
Convertible Debentures (note 18)	85,000	80,075
Non-currents Liabilities	85,000	80,075
Total Liabilities	1,230,769	1,079,948
Equity		
Share Capital (note 19)	6,394,309	6,219,987
Warrants	404,989	165,408
Portion of Convertible Debentures included in Equity	19,571	19,571
Contributed Surplus	949,817	948,585
Deficit	(8,043,716)	(7,511,183)
Total Equity	(275,030)	(157,632)
Total Liabilities and Equity	955,739	922,316

The accompanying notes are integral part of the Interim Financial Statements.

For the Board of Directors,

(signed) Roger Plourde, Director

(signed) Sébastien Plourde, Director

Audited Statements of Cash Flows

Nine months ended September 30, 2018 (in Canadian dollars)	2018 \$	2017 \$
Net Profit (loss) and Total Comprehensive Income	(532,533)	(317,520)
Non cash items from net profit (loss) and total comprehensive income		
Variation of the value of the cash surrender value of life insurance	(2,925)	(2,910)
Depreciation of property, plant and equipment	28,181	32,148
Depreciation of finance leases assets	12,986	18,553
Implicit interest of convertible debentures	7,032	7,523
Depreciation of other intangible assets	109,602	93,668
Change in non-cash working capital items (note 19)	82,812	317,660
Net cash flow from operating activities	(294,845)	149,122
Acquisition of intangible assets	(52,126)	(58,733)
Net cash flow from investing activities	(52,126)	(58,733)
Long-term debts	(13,500)	(9,000)
Issues of Shares Capital	193,087	0
Repayment of obligation under finance leases	(15,310)	(25,792)
Contributed Surplus	1,232	(819,704)
Cost of issuing Shares	(18,765)	0
Fair value of Warrants	239,581	819,704
Net cash flow from financing activities	386,325	(34,792)
Net increase in cash and cash equivalents	39,354	55,597
Cash and cash equivalents at beginning of period	(25,213)	3,607
Cash and cash equivalents at end of period (note 6)	14,141	59,204

The accompanying notes are integral part of the Interim Financial Statements.

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)
(unaudited)

Note 1. Governing Statutes, Nature of Operations and Going Concern

Intema Solutions Inc, Incorporated under the Canada Business Corporations Act, is a Company which provides SaaS email marketing software and consulting services in email marketing campaign deployment to companies. The Company's registered office is located at 365 rue St-Jean, suite 202, Longueuil, Quebec, Canada, J4H 2X7. The Company is traded publicly on the TSX Venture Exchange under the symbol «ITM» and has no controlling shareholders.

Going concern

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In light of the operating losses and unfulfilled financial ratios, those material uncertainties raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to realize its assets and discharge its liabilities depends on the continued support of its lenders and shareholders. On September 30, 2018 the Company has accumulated a deficit of \$8,043,716 (\$7,511,183 on December 31, 2017) and a net loss of \$92,346 during the third quarter of 2018 (net loss of \$973,771 on December 30, 2017). Going concern of the Company depends of, among other things, its to ability achieve a satisfactory level of revenue, the support of its customers, the conclusion of new financial agreements and its ability to raise new sources of funds.

On August 29, 2018. the corporation announced that the Commercial Division of the Superior Court of Quebec allowed a initial order under the Companies' Creditors Arrangement Act (the Bankruptcy and Insolvency Act, Part 1 Proposal). The Company intends to use the provisions of the Act to prepare and present an arrangement to its creditors. Under the terms of the order, Demers Beaulne Inc. has been appointed to act as trustee in the proceedings under the Act and will assist the corporation in developing its restructuring plan. The company has not yet developed a restructuring plan. The Company's management intends to make regular updates with respect to its restructuring plan.

The carrying amounts of assets, liabilities, revenues and expenses presented in the interim financial statements and the statements of financial position classification have not been adjusted as would be required if the going concern assumption was not appropriate.

Note 2. Statement of compliance with IFRS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations currently issued and outstanding.

These financial statements were approved by the Board of Directors on November 29, 2018.

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)
(unaudited)

Note 3. Operating expenses

Operating expenses include :	Three months ended Sept. 30		Nine months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employees benefit	128,260	131,554	418,965	485,625
Production expenses	32,747	45,654	98,582	107,687
Research and development tax credit	(15,050)	(11,000)	(44,659)	(40,848)
Rent	43,737	42,744	124,576	125,183
Office expense	28,595	36,883	129,377	120,209
Professional fees	2,336	26,916	83,653	70,334
Depreciation of property, plant and equipment and equipment under finance leases	50,257	50,797	150,772	144,367
	270,882	323,548	961,266	1,012,557
Expenses as employees benefit include :				
Employees benefit	128,260	131,554	418,965	485,625
	128,260	131,554	418,965	485,625

Note 4. Financial income and expenses

Financial expenses are detailed as follows :	Three months ended Sept. 30		Nine months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest on payable	2,137	2,180	6,277	7,221
	2,137	2,180	6,277	7,221
Implicit interest on convertible debentures	0	2,508	4,925	7,522
Interest on convertible debentures	722	2,142	4,937	6,358
Interest and financial expenses on long-term debt	1,570	924	7,790	4,294
	2,292	5,574	17,652	18,174
Financial expenses	4,429	7,754	23,929	25,395

Note 5. Earnings (Loss) per share

Dilutive potential instruments (convertible debentures, warrants, stock option) have not been included in the calculation of dilutive earnings per share when the price was greater than the value of the common share price, or because of their anti dilutive effect.

Notes to Interim Financial Statements

Nine months ended September 30, 2018
(all amounts are in Canadian dollars, unless indicated differently)
(unaudited)

Note 6. Cash and cash equivalents

	September 30 2018 \$	December 31 2017 \$
Cash		
\$ CAN	12,863	6,721
\$ U,S,	1,278	675
Cash and cash equivalents	14,141	7,396
Bank overdraft	0	(32,609)
Net cash and cash equivalent as of cash flows tables	14,141	(25,213)

Note 7. Trade and other receivables

	September 30 2018 \$	December 31 2017 \$
Trade accounts receivable	91,969	68,699
Allowance for doubtful accounts	(1,438)	(1,438)
	90,531	67,261
Other receivables	182,762	56,153
Provision for Deposit	17,985	17,985
Deposit on business acquisition	150,000	150,000
Allowance for other doubtful receivables	(222,485)	(222,485)
Trade and other receivables	218,793	68,914

All amounts are due in the short term. The net carrying amounts represent a reasonable approximation of their fair value.

The net book value of outstanding receivables of the Company is \$90 531 (\$67,261 on December 31, 2017) at the end of the year. The aging of these receivables is detailed in the following table:

Aging of receivables that are past due but not impaired.

	September 30 2018 \$	December 31 2017 \$
Not impaired and past due by:		
0 to 30 days	58,607	40,743
31 to 60 days	0	22,319
61 to 90 days	3,632	3,399
Over 90 days	28,292	800
Total	90,531	67,261

Notes to Interim Financial Statements

Nine months ended September 30, 2018
 (all amounts are in Canadian dollars, unless indicated differently)
 (unaudited)

Note 7. Trade and other receivables (cont'd)

Before accepting a new customer, the Company evaluates the credit quality of the potential customer and sets credit limits for that customer. Credit limits and credit quality assessments are reviewed each year. To determine the collectability of a trade receivable, the Company considers any change in credit quality from the date the credit was initially granted to the reporting date.

The Company has not set up any allowance for the accounts presented in the preceding table since the credit quality of these receivables has not changed significantly and they are still considered collectable. Trade receivables are normally recovered in 69 days (44 days in 2017).

The Company does not hold any collateral in respect of these receivables.

The following table discloses a reconciliation of changes in the allowance for doubtful accounts :

	September 30	December 31
	2018	2017
	\$	\$
Balance, beginning of period	1,438	27,500
Allowance	0	840
Write-off	0	(8,947)
Recovery	0	(17,955)
Balance, end of period	1,438	1,438

Receivables are written off when the Company estimates it will not collect the amount provided for.

Note 8. Investment

The Company has an investment on September 30, 2018 of \$19,571 (\$16,646 in 2017) as cash surrender value of life insurance on a member of management. The change consists in deposits totalling \$6,750 (\$9,000 in 2017), an interest income of \$74 (\$107 in 2017), fees and taxes on life insurance premiums of \$3,899 (\$5,196 in 2017).

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 9. Property Plant and Equipment

	September 30 2018 \$	December 31 2017 \$
9.1 Net value		
Cost	330,544	330,544
Accumulated depreciation and loss of value	217,773	189,590
Net value	112,771	140,954

9.2 Reconciliation table

	Computers hardware \$	Furniture \$	Leasehold improvements \$	Total \$
Cost				
Balance on January 1st, 2017	66,703	196,571	85,704	348,978
Additions	0	0	0	0
Write-off	0	0	(18,434)	(18,434)
Balance on December 31, 2017	66,703	196,571	67,270	330,544
Additions	0	0	0	0
Disposal	0	0	0	0
Balance on September 30, 2018	66,703	196,571	67,270	330,544
Accumulated depreciation and loss of				
Balance on January 1st, 2017	58,308	64,382	42,471	165,161
Depreciation	2,518	26,437	13,908	42,863
Write-off	0	0	(18,434)	(18,434)
Balance on December 31, 2017	60,826	90,819	37,945	189,590
Depreciation	1,323	15,863	10,997	28,183
Disposal	0	0	0	0
Balance on September 30, 2018	62,149	106,682	48,942	217,773

Depreciation of \$28,183 has been accounted for as direct costs in the income statement (\$32,148 in 2017).

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 10. Finance Leases Equipments

10.1 Net value

	September 30 2018	December 31 2017
	\$	\$
Cost	202,027	202,027
Accumulated depreciation and loss of value	157,295	144,309
Net value	44,732	57,718

10.2 Reconciliation table

	Computer Hardware \$	Total \$
Cost		
Balance on January 1st, 2017	202,027	202,027
Additions	—	—
Disposal	0	0
Balance on December 31, 2017	202,027	202,027
Additions	—	—
Disposal	0	0
Balance on September 30, 2018	202,027	202,027
Accumulated depreciation and loss of		
Balance on January 1st, 2017	119,572	119,572
Depreciation	24,737	24,737
Disposal	0	0
Balance on December 31, 2017	144,309	144,309
Depreciation	12,986	0
Disposal	0	0
Balance on September 30, 2018	157,295	144,309

Depreciation of \$12,986 has been accounted for as direct costs in the income statement (\$18,553 in 2017).

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 11. Other Intangible Assets

11.1 Net value	September 30 2018	December 31 2017
	\$	\$
Cost	1,204,884	1,152,758
Accumulated depreciation and loss of value	1,003,025	893,423
Net value	201,859	259,335

11.2 Reconciliation table	Patents \$	Softwares \$	Domain \$	Total \$
Cost				
Balance on January 1st, 2017	36,935	1,026,315	3,928	1,067,178
Additions	4,733	80,847	0	85,580
Disposal	0	0	0	0
Balance on December 31, 2017	41,668	1,107,162	3,928	1,152,758
Additions	336	51,790	0	52,126
Disposal	0	0	0	0
Balance on September 30, 2018	42,004	1,158,952	3,928	1,204,884
Accumulated depreciation and loss of				
Balance on January 1st, 2017	1,606	763,853	0	765,459
Depreciation	1,859	126,105	0	127,964
Disposal	0	0	0	0
Balance on December 31, 2017	3,465	889,958	0	893,423
Depreciation	1,562	108,040	0	109,602
Disposal	0	0	0	0
Balance on September 30, 2018	5,027	997,998	0	1,003,025

Depreciation of \$109,602 has been accounted for as administrative and sales expenses in the income statement for 2018 (\$93,667 in 2017).

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 12. Goodwill

12.1 Net value	September 30 2018	December 31 2017
	\$	\$
Cost	158,866	158,866
Accumulated amortization and impairment losses	109,330	109,330
Net value	49,536	49,536

12.2 Reconciliation table

	Goodwill \$	Total \$
Cost		
Balance on January 1st, 2017	158,866	158,866
Additions	0	0
Disposal	0	0
Balance on December 31, 2017	158,866	158,866
Additions	0	0
Disposal	0	0
Balance on September 30, 2018	158,866	158,866

Accumulated amortization and impairment losses

Balance on January 1st, 2017	109,330	109,330
Impairment losses charged to income statement	0	0
Disposal	0	0
Balance on December 31, 2017	109,330	109,330
Impairment losses charge to income statement	0	0
Disposal	0	0
Balance on September 30, 2018	109,330	109,330

12.3 Goodwill impairment testing

The Company has conducted an annual goodwill impairment test in the first quarter of 2018 and fourth quarter of 2017 in accordance with the methods described in Note 4 by comparing the recoverable value of the cash-generating units with their carrying amount. Consequently, no impairment loss was recorded for the goodwill for the period ended September 30, 2018, and December 31, 2017 for Konversation and an no impairment loss was recorded for Cabestan in income statement for 2017.

Notes to Interim Financial Statements

Nine months ended September 30, 2018
(all amounts are in Canadian dollars, unless indicated differently)
(unaudited)

Note 12. Goodwill (cont'd)

12.3 Goodwill impairment testing (cont'd)

The Company has not changed the valuation method used for the goodwill impairment testing from the test performed at the first adoption of International Financial Reporting Standards (IFRS).

Note 13. Bank Indebtedness

The Company has no credit loan or bank loan on September 30, 2018 and 2017.

Note 14. Trade and other payables

	September 30 2018	December 31 2017
	\$	\$
Trade and accrued payable	590,401	477,027
Sales tax	33,054	56,555
Interest payable on convertible debentures	3,908	1,800
Interest payable on long-term debt	13,284	12,672
Trade and other payables	640,647	548,054

Note 15. Short-term debt

No short-term debts in 2018 and 2017.

Note 16. Long-term debt

	September 30 2018	December 31 2017
	\$	\$
Loan from Canada Economic Development, at base rate of the Bank of Canada plus 3%, payable on December 31, 2010 (1)	10,395	23,895
	10,395	23,895
Current portion	10,395	23,895
Long-term debt	0	0

(1) On September 30, 2018, and December 31, 2017, the Company is in default with respect to the payment schedule of the debt to Canada Economic Development. Therefore, the balance of this loan is presented in the current liabilities since the Company is considered in default by the creditor. Negotiations are currently in process with Canada Economic Development to modify the terms of repayment.

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 17. Obligations under finance leases

	2018	2017
	\$	\$
Finance lease, 9,67%, maturing in May 2018, guaranteed by computer equipment	0	918
Finance lease, 7,87%, maturing in June 2018, guaranteed by computer equipment	0	5,209
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	0	1,565
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	0	1,326
Finance lease, 8,78%, maturing in September 2018, guaranteed by computer equipment	0	5,992
	0	15,010
Current portion	0	15,010
Minimum payments under finance leases		
Less than a year	0	15,490
Over one year and less than five years	0	0
	0	15,490
Interest included in minimum lease payments	0	480
Present value of minimum lease payments	0	15,010

Note 18, Convertible debentures

Under the terms negotiated in April 19, 2016, the Company issued debentures with a nominal value of \$100,000, maturing in April 19, 2018, bearing interest at 10%, convertible into common shares at \$0,05 per share during the first year and \$0,10 during the second year. The nominal value is recorded as a reduction to the equity component of the convertible right of \$23,600. The broker fees of \$12,430 reduced the nominal value of the convertible debentures of \$9,497 and the equity component of the convertible debentures of \$2,933.

On April 20th, 2018, 150,000 warrants issued to the owners of the August 19, 2016 debenture were not converted and expired.

Notes to Audited Financial Statements

Nine months ended September 30, 2018 and 2017

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 18. Convertible debentures (cont'd)

An amount of \$10,227 of the equity component of the convertible right was accounted for in addition of the nominal value of the convertible debentures and implicit interest on convertible debentures on the financial expenses. On November 8, 2016, upon conversion of a debenture into shares, the Company issued 300,000 common shares at a price of \$ 0,05 per share for a total amount of \$ 15,000.

Negotiations are currently in process to modify the terms of repayment.

Note 19. Equity

Share Capital

Authorized:

The Company's authorized capital stock consists of an unlimited number of voting and participating common, without par value.

	Sept. 30 2018	Dec. 31 2017
Issued:		
Amount	\$	\$
Opening balance	6,219,987	6,219,987
Private placement (b)	170,722	0
Warrants exercised (a)	3,600	0
Ending balance	6,394,309	6,219,987
	Sept. 30, 2018 (in units)	Dec. 31 2017 (in units)
Number of shares		
Opening balance	79,762,243	79,762,243
Private placement (b)	5,387,334	0
Warrants exercised (a)	60,000	0
Ending balance	85,209,577	79,762,243

(a) On January 24, 2018, the Company issued 60,000 common shares at a price of \$ 0,06 per share to a holder of warrants who exercised its right to convert into shares for \$ 3,600. The subscription amount was increased by the fair value that was attributed to these equity component of the warrants of \$ 1,232.

(b) On March 15, 2018, in connection with a private placement, the Company issued 5,387,334 common shares at a price of \$ 0,075 per share for a total amount of \$ 404,050, together with 5,387,334 warrants. The amount of the offering is net of warrants value of \$240,813. A share issue expense totalling \$ 18,765 was recorded as a reduction of the value of the private placement.

Notes to Audited Financial Statements

Nine months ended September 30, 2018 and 2017

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 19. Equity (cont'd)

Warrants issued to shareholders

Changes in the outstanding warrants issued to shareholders are detailed as follows :

	Number	Weighted average exercise price
Outstanding on January 1st, 2017	32,233,002	\$0,138
Expired (c)(d)(e)	(22,233,002)	\$0,173
Outstanding on December 31, 2017	10,000,000	\$0,060
Issued (b)	5,387,334	\$0,105
Exercised (a)	(60,000)	\$0,173
Outstanding on September 30, 2018	15,327,334	\$0,060

(a) On January 24, 2018, 60,000 warrants were exercised and converted to 60,000 Stock options at the price of \$0,06 per shares. The fair value of \$1,232 allocated to these warrants has been reclassified to contributed surplus.

(b) On March 15, 2018, 5,387,334 warrants were issued pursuant to a private placement. They are recorded as a reduction of the share capital in the amount of \$ 240,813.

(c) On February 18, 2017, 10,000,002 warrants expired without being exercised. The fair value of \$204,413 allocated to these warrants has been reclassified to contributed surplus.

(d) On February 11, 2017, 3,000,000 warrants expired without being exercised. The fair value of \$76,902 allocated to these warrants has been reclassified to contributed surplus.

(e) On August 8, 2017, 9,233,333 warrants expired without being exercised. The fair value of \$538,284 allocated to these warrants has been reclassified to contributed surplus.

The fair value of the warrants granted was estimated using the Black-Scholes pricing model using the following assumptions:

	2017	2017
Expected life of the warrants	1 to 2 years	None
Expected volatility	133 % to 159 %	None
Risk-free interest rate	0,73 % to 1,35	None
Expected dividends	0,0 %	None

Notes to Audited Financial Statements

Nine months ended September 30, 2018 and 2017

(all amounts are in Canadian dollars, unless indicated differently)

Note 19. Equity (cont'd)

Warrants issued to shareholders (cont'd)

The expected volatility was determined by calculating the historical volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the warrants. When computing historical volatility, management may disregard an identifiable period of time in which it considers that the share price was extraordinary volatile because of a specific event that is not expected to recur during the expected life of warrants. In addition, if the share price of the Company was extremely volatile for a period of identifiable time, for example as a result of a general market decline, management may put less emphasis on volatility during this period.

Summary table of outstanding and exercisable warrants on September 30, 2018:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2018	9,940,000	0,16	\$0,060
March 2020	5,387,334	1,72	\$0,105
	15,327,334	1,08	\$0,076

Summary table of outstanding and exercisable warrants on December 31, 2017:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2018	10,000,000	0.65	\$0,06
	10,000,000	0.65	\$0,06

Warrants issued to brokers

Summary table of outstanding and exercisable warrants issued to brokers on September 30, 2018:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
Outstanding on January 1st, 2017	0	0	0
Issued (a) (d)	850,000	1,59	0,063
Outstanding on December 31st, 2017	850,000	0,59	0,063
Expired	(150,000)	0	0
Outstanding on September 30, 2018	700,000	0,15	0,063

No warrants issued to brokers in 2018 and in 2017.

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 19. Equity (cont'd)

Incentive stock option plan

The shareholders of the Company have adopted stock option plan under which members of the Board of Directors may award stock options for common shares to directors, officers, employees and consultants. The conditions and the exercise price of each option are determined by the Board of Directors.

The maximum number of shares issuable under the plan is 2,600,000.

The total number of common shares reserved for stock option plan to directors, officers and employees shall not represent, over a 12 months period, more than 5% of the Company's common shares issued and outstanding, that number being calculated on the granted date.

The total number of common shares reserved for stock option plan to consultants and Investor's relationships services' providers shall not represent, over a 12 months period, more than 2% of the Company's common shares issued and outstanding, that number being calculated on the granted date.

The purchase price of the common shares upon the exercise of each option granted under the stock option plan will be the price determined by the Board of Directors or the Compensation Committee at the time of each option granted, but that price may not be less than the « Expected price » which means the market price at the time of each option granted less a discount according to the accepted rules by TSX Venture Exchange, subject to a minimum price of \$0,10. The market price at the time of each option granted means the TSX Venture Exchange market closing price on the day before they are granted. If there is no trading on the day before, the closing price is replaced by the average of the bid-and-offered.

The stock options are exercisable at any time and expire 90 days after the departure date of the holder for directors and officers, and 30 days for consultants.

Changes in the stock options are detailed as follows :

	Number of options	Weighted average exercise price
		\$
Outstanding on January 1st, 2017	2,575,000	0,102
Expired	(825,000)	0,100
Cancelled	(175,000)	0,102
Outstanding on December 31, 2017	1,575,000	0,103
Cancelled	(300,000)	0,102
Outstanding on September 30, 2018	1,275,000	0,102

Notes to Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 19. Equity (cont'd)

Incentive stock option plan (cont'd)

During the quarter ended September 30, 2018, no stock-options were granted to employees and to non-employees (none in 2017).

Summary table of outstanding and exercisable options on September 30, 2018

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
November 2018	650,000	0,33	\$0,100
February 2019	625,000	0,66	\$0,105
	1,275,000	0,65	\$0,103

Summary table of outstanding and exercisable options on December 31, 2017

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
November 2018	750,000	0.89	\$0,10
February 2019	825,000	1.15	\$0,105
	1,575,000	1.03	\$0,103

Notes to Interim Financial Statements

Nine months ended September 30, 2018
(all amounts are in Canadian dollars, unless indicated differently)
(unaudited)

Note 20. Information on Cash Flows

Change in working capital items are detailed as follows:	September 30	September 30
	2018	2017
	\$	\$
Trade and other receivables	(31,453)	152,001
Work in process	0	14,620
Prepaid expenses	(1,971)	3,161
Research and Development Tax Credit recoverable	36,848	56,458
Trade and other payables	90,785	189,936
Employees benefits	64,030	(40,346)
Deferred revenue	(75,427)	(58,170)
	82,812	317,660

Note 21. Commitments

The Company is committed to pay under long-term leases agreements, an amount of \$161,514 before October 31, 2023. The payments are as follows over the next two years: 2018 - \$19,014, and 2023 - \$142,500.

Note 22. Related Party Transactions

During the period ended September 30, 2018, and December 31, 2017, the Company made transactions with some officers and directors and companies controlled by officers or directors of Intema Solutions Inc.

Company's key management personnel are members of the Board of directors, President and Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. Key management personnel remuneration includes the following expenses:

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and Benefits	50,875	46,250	101,750	152,626
Share-based payment	0	0	0	0
Professional fees	0	0	0	0
	50,875	46,250	101,750	152,626

Salaries and benefits include the remuneration of the President and Chief Executive Officer and the Chief Operating Officer and various indirect benefits as of car allowances.

The remuneration payable to directors for 2018 totalled \$101,750 on September 30, 2018 (\$152,626 on September 30, 2017).

Notes to Interim Financial Statements

Nine months ended September 30, 2018

(all amounts are in Canadian dollars, unless indicated differently)

(unaudited)

Note 23. Economic Dependence

During the period of nine months ended September 30, 2018, the Company realized sales to one major customer for an amount \$191,720 (in 2017, two major customers for amounts totalling \$428,082).

The management of the Company assesses the degree of dependence associated with these clients as important given the recurrence of contracts from these customers.

Note 24. Contingency

On September 6, 2016, the Company was ordered by Court to pay a sum of \$ 100,000 to a supplier for fees and damages, The Company disputed this judgement and appealed the decision.

Note 25. Segment Reporting

The Company has reviewed its activities and determined that it leads them in a single reportable operating segment. This single reportable operating segment derives its revenues from the sale of consulting services in marketing and the Internet, especially in the deployment of e-mailing campaign to large companies, Almost-all activities are carried out in Canada.

The assets of the Company are located in Canada.

Note 26. Events after the reporting period

10,000,000 common share purchase warrants (the “Warrants”) originally issued in connection with a private placement announced on August 26, 2016 are due to expire on August 26, 2018 and are exercisable at \$0.06 per share. The original expiry date of the Warrants will be extended for an additional 12 months ending August 26, 2019. In all other respects, the terms of the Warrants will remain unchanged and in full force and effect.