

INTEMA SOLUTIONS INC.

Interim Financial Statements

for the first quarter ended
March 31, 2019
(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 May 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.

.....
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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INTEMA SOLUTIONS INC.

Interim Condensed Income Statements and Statements of Comprehensive Income

(in Canadian dollars)	Three Months ended March 31,	
	2019 (unaudited) \$	2018 (audited) \$
Revenue from Continuing Operations	174,241	153,167
Direct Costs	40,513	83,193
Direct Labor	10,571	21,362
Gross Profit	123,157	48,612
Administrative and Sales Expenses	179,849	179,237
Research and Development Expenses	7,527	55,594
Operating Profit (Loss)	(64,219)	(186,219)
Financial Income (Note 4)	2,462	—
Financial Expenses (Note 4)	—	9,581
Profit (Loss) Before Following Items	(66,681)	(195,800)
Gain on debt settlement	(543,260)	-
Net Profit (Loss) Before Tax	476,579	(195,800)
Uses of losses carried forward	—	—
Net Profit and Total Comprehensive Income	476,579	(195,800)
Weighted Average Number of Outstanding Shares during the Period (Note 5)	85,209,577	80,009,249
Earnings (Loss) per Share (Note 5)		
Basic and Diluted	0.0056	(0.0024)

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

INTEMA SOLUTIONS INC.

Interim Statements of changes in Equity

For the period of three months ended March 31,
(unaudited)

(in Canadian dollars)

	Shares Number	Capital Amount	Warrants	Equity Component of the convertible debentures	Contributed Surplus	Deficit	Total Equity (Deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance as at January 1st, 2019	85,209,577	6,467,687	233,723	20,060	1,033,700	(8,517,178)	762,008
Issuance of Capital Stock	—	—	—	—	—	—	—
Cost of Issuance of Capital Stock	—	—	—	—	—	—	—
Net Loss and Total comprehensive income	—	—	—	—	—	(476,579)	(476,579)
Balance as at March 31, 2019	85,209,577	6,467,687	233,723	20,060	1,033,700	(8,040,599)	(285,429)
Balance as at 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	166,837	239,581	0	1,232	—	407,650
Cost of Issuance of Capital Stock	—	(18,765)	—	—	—	—	(18,765)
Net Loss and Total comprehensive income	—	—	—	—	—	(195,800)	(195,800)
Balance as at March 31, 2018	85,209,577	6,368,059	404,989	19,571	949,817	(7,706,983)	35,453

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

INTEMA SOLUTIONS INC.

Interim Condensed Statements of Financial Position

	March 31, 2019	Dec. 31, 2018
(in Canadian dollars)	\$ (unaudited)	\$ (audited)
ASSETS		
Current		
Cash and cash equivalents (Note 6)	26,510	13,097
Trade and other receivables (Note 7)	115,583	52,446
Prepaid expenses	16,476	11,650
Research and Development Tax Credit Recoverable	60,657	53,130
Current Assets	219,226	130,323
Non-current		
Deposit	6,000	6,000
Investment (Note 8)	21,520	20,545
Property, Plant and Equipment (Note 9)	42,808	45,317
Finance Leases Equipments (Note 10)	27,572	29,808
Other Intangible Assets (Note 11)	152,164	160,787
Goodwill (Note 12)	49,536	49,536
Research and Development Tax Credit non Recoverable	—	—
Non-current assets	299,600	311,993
Total Assets	518,826	442,316

INTEMA SOLUTIONS INC.
Interim Statements of Financial Position

(in Canadian dollars)

March 31,
2019
\$
(unaudited)

Dec. 31,
2018
\$
(audited)

	March 31, 2019 \$ (unaudited)	Dec. 31, 2018 \$ (audited)
LIABILITIES		
Current		
Bank Overdraft (Note 6)	—	—
Employees benefits	360,120	320,547
Trade and Other Payables (Note 14)	252,356	729,426
Short-term debt (Note 15)	95,000	37,500
Deferred Revenue	23,319	18,456
Current portion of long-term debts (Note 16)	—	13,395
Balance owed on Creditors Arrangement Act	73,460	—
Debentures	—	85,000
Current Liabilities	804,255	1,204,324
Non-currents		
Convertible Debentures (Note 18)	—	—
Non-currents Liabilities	—	—
Total Liabilities	—	1,204,324
Equity		
Share Capital (Note 19)	6,467,687	6,467,687
Warrants	233,723	233,723
Portion of Convertible Debentures included in Equity	20,060	20,060
Contributed Surplus	1,033,700	1,033,700
Deficit	(8,040,599)	(8,517,178)
Total Equity	(285,429)	(762,008)
Total Liabilities and Equity	518,826	442,316

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

For the Board of Directors,

(signed) Roger Plourde, Director

(signed) Sébastien Plourde, Director

INTEMA SOLUTIONS INC.

Unaudited Statements of Cash Flows

Three months ended March 31, (in Canadian dollars)	2019 \$	2018 \$
Net Profit (loss) and Total Comprehensive Income	476,579	(195,801)
Non cash items from net profit (loss) and total comprehensive income		
Variation of the value of the cash surrender value of life insurance	(975)	(975)
Depreciation of property, plant and equipment	2,509	9,394
Depreciation of finance leases assets	2,235	4,329
Implicit interest of convertible debentures	(5,667)	7,021
Depreciation of other intangible assets	24,200	36,534
Change in non-cash working capital items (Note 20)	(371,495)	(59,103)
Net cash flow from operating activities	127,386	(198,601)
Acquisition of intangible assets	(15,578)	(17,644)
Net cash flow from investing activities	(15,578)	(17,644)
Long-term debts	(13,395)	(4,500)
Debenture	(85,000)	
Issues of Shares Capital	—	166,837
Repayment of obligation under finance leases	—	(6,053)
Contributed Surplus	—	1,232
Cost of issuing Shares	—	(18,765)
Fair value of Warrants	—	239,581
Net cash flow from financing activities	(98,395)	378,332
Net increase in cash and cash equivalents	13,413	162,087
Cash and cash equivalents at beginning of period	13,097	(26,866)
Cash and cash equivalents at end of period (Note 6)	26,510	135,221

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

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)
(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 consulting services in marketing and Web services, particularly in email 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. As at March 31, 2019 the Company has accumulated a deficit of \$8,040,599 (\$8,517,178) as at December 31, 2018) and a profit of \$476,579 during the first quarter of 2019 (net loss of \$195,800 as at March 31, 2018). 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.

Management believes that obtaining additional financing, reorienting its activities, and relying on the continued support of its existing customers and its shareholders, will help the Company to operate normally. However, there is no certainty that those measures will be sufficient to allow the continuation of the Company in the normal course of business.

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 interim 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 May 29, 2019.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)
(unaudited)

Note 3. Operating expenses

Operating expenses include :	2019	2018
	\$	\$
Employees benefit	129,817	151,870
Production expenses	11,568	32,936
Research and development tax credit	(7,527)	(14,520)
Rent	100	40,276
Office expense	28,871	46,959
Professional fees	46,686	31,609
Market development	—	—
Depreciation of property, plant and equipment and equipment under finance leases	28,945	50,256
	238,460	339,386
Expenses as employees benefit include :		
Employees benefit	129,817	151,870
	129,817	151,870

Note 4. Financial income and expenses

Financial expenses are detailed as follows :	2019	2018
	\$	\$
Interest income from cash and cash equivalents	—	—
Financial Income	—	—
Interest on payables	2,462	2,228
	2,462	2,228
Implicit interest on convertible debentures	—	4,925
Interest on convertible debentures	—	2,096
Interest and financial expenses on long-term debts	—	332
	—	7,353
Financial expenses	2,462	9,581

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.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 6. Cash and cash equivalents

	March 31, 2019 \$	Dec 31, 2018 \$
Cash		
\$ CAN	27,291	12,156
\$ U.S.	2,286	979
Cash and cash equivalents	29,577	13,135
Bank overdraft	(3,067)	(38)
Net cash and cash equivalent as of cash flows tables	26,510	13,097

Note 7. Trade and other receivables

	March 31, 2019 \$	Dec 31, 2018 \$
Trade accounts receivable	109,734	88,454
Allowance for doubtful accounts	(36,008)	(36,008)
	73,726	52,446
Other receivables	41,857	—
Provision for Deposit	650	650
Allowance for other doubtful receivables	(650)	(650)
Trade and other receivables	115,583	52,446

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 \$73,726 (\$52,446 in 2018) 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.

	March 31, 2019 \$	Dec 31, 2018 \$
Not impaired and past due by:		
0 to 30 days	48,235	37,313
31 to 60 days	16,402	7,005
61 to 90 days	6,979	5,204
Over 90 days	2,110	2,924
Total	73,726	52,446

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(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 collectible. Trade receivables are normally recovered in 69 days (39 days in 2018).

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

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

	March 31, 2019 \$	Dec 31, 2018 \$
Balance, beginning of period	36,008	1,438
Allowance	—	36,008
Write-off	—	(1,438)
Recovery	—	—
Balance, end of period	36,008	36,008

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

Note 8. Investment

The Company has an investment as at March 31, 2019 of \$21,521 (\$20,545 in 2018) as cash surrender value of life insurance on a member of management. The change consists in deposits totaling \$2,278 (\$9,000 in 2018), an interest income of \$33 (\$100 in 2018), fees and taxes on life insurance premiums of \$1,229 (\$5201 in 2018).

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 9. Property Plant and Equipment

	March 31. 2019	Dec. 31. 2018
9.1 Net value	\$	\$
Cost	136,184	136,184
Accumulated depreciation and loss value	93,376	90,867
Net value	42,808	45,317

9.2 Reconciliation table

	Computers hardware	Furniture	Leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance as at January 1st, 2018	66,703	196,571	67,270	330,544
Additions	—	—	—	—
Write-off	(33,351)	(98,285)	(62,724)	(194,360)
Balance as at December 31, 2018	33,352	98,286	4,546	136,184
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at March 31, 2019	33,352	98,286	4,546	136,184
Accumulated depreciation and loss value				
Balance as at January 1st, 2018	60,826	90,819	37,945	189,590
Depreciation	1,763	21,150	14,663	37,576
Write-off	(31,294)	(55,984)	(49,021)	(136,299)
Balance as at December 31, 2018	31,295	55,985	3,587	90,867
Depreciation	154	2,115	240	2,509
Disposals	—	—	—	—
Balance as at March 31, 2019	31,449	58,100	3,827	93,376

Depreciation of \$2,509 has been accounted for as direct costs in the income statement (\$37,576 in 2018).

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 10. Finance Leases Equipments

10.1 Net value

	March 31. 2019	Dec. 31. 2018
	\$	\$
Cost	133,290	133,290
Accumulated depreciation and loss value	105,718	103,482
Net value	27,573	29,808

10.2 Reconciliation table

	Computer Hardware	Total
	\$	\$
Cost		
Balance as at January 1st, 2018	202,027	202,027
Additions	—	—
Write-off	(68,737)	(68,737)
Balance as at December 31, 2018	133,290	133,290
Additions	—	—
Disposals	—	—
Balance as at March 31, 2019	133,290	133,290
Accumulated depreciation and loss value		
Balance as at January 1st, 2018	144,309	144,309
Depreciation	17,315	17,315
Write-off	(58,142)	(58,142)
Balance as at December 31, 2018	103,482	103,482
Depreciation	2,236	2,236
Disposals	—	—
Balance as at March 31, 2019	105,718	105,718

Depreciation of \$2,236 has been accounted for as direct costs in the income statement (\$17,315 in 2018).

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 11. Other Intangible Assets

11.1 Net value	March 31, 2019 \$	Dec. 31, 2018 \$
Cost	1,225,375	1,209,797
Accumulated depreciation and loss value	1,073,211	1,049,010
Net value	152,164	160,787

11.2 Reconciliation table	Patents \$	Softwares \$	Domain names \$	Total \$
Cost				
Balance as at January 1st, 2018	41,668	1,107,162	3,928	1,152,758
Additions	336	56,703	—	57,039
Disposals	—	—	—	—
Balance as at December 31, 2018	42,004	1,163,865	3,928	1,209,797
Additions	5,345	10,233	—	15,578
Disposals	—	—	—	—
Balance as at March 31, 2019	47,349	1,174,098	3,928	1,225,375

Accumulated depreciation and loss value				
Balance as at January 1st, 2018	3,465	889,958	—	893,423
Depreciation	2,083	153,504	—	155,587
Disposals	—	—	—	—
Balance as at December 31, 2018	5,548	1,043,462	—	1,049,010
Depreciation	525	23,676	—	24,201
Disposals	—	—	—	—
Balance as at March 31, 2019	6,073	1,067,138	—	1,073,211

Depreciation of \$24,201 has been accounted for as administrative and sales expenses in the income statement for 2019 (\$155,587 in 2018).

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 12. Goodwill

12.1 Net value	March 31, 2019	Dec. 31, 2018
	\$	\$
Cost	49,536	49,536
Accumulated amortization and impairment losses	—	—
Net value	49,536	49,536

12.2 Reconciliation table

	Goodwill \$	Total \$
Cost		
Balance as at January 1st, 2018	158,866	158,866
Additions	—	—
Write-off	(109,330)	(109,330)
Balance as at December 31, 2018	49,536	49,536
Additions	—	—
Disposals	—	—
Balance as at March 31, 2019	49,536	49,536

Accumulated amortization and impairment losses

Balance as at January 1st, 2018	109,330	109,330
Impairment losses charge to income statement	—	—
Write-off	(109,330)	(109,330)
Balance as at December 31, 2018	—	—
Impairment losses charge to income statement	—	—
Disposals	—	—
Balance as at March 31, 2019	—	—

12.3 Goodwill impairment testing

The Company has conducted an annual goodwill impairment test in the first quarter of 2019 and fourth quarter of 2018 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 March 31, 2019, and December 31, 2018.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(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 as at March 31, 2019 and 2018.

Note 14. Trade and other payables

	March 31, 2019	Dec. 31, 2018
	\$	\$
Trade and accrued payable	198,516	663,494
Sales tax	53,840	49,339
Interest payable on convertible debentures	—	5,667
Interest payable on long-term debt	—	10,926
Trade and other payables	252,356	729,426

Note 15. Short-term debt

The Company has a short-term debt due to private companies, without interest, of \$95,000 as at March 31, 2019.

Note 16. Long-term debt

	March 31, 2019	Dec. 31, 2018
	\$	\$
Loan from Canada Economic Development, at base rate of the Bank of Canada plus 3%, payable on December 31, 2010 (1)	—	13,395
	—	13,395
Current portion	—	13,395
Long-term debt	—	—

(1) As at March 31, 2019, and December 31, 2018, the Company is in default with respect to the payment schedule of the debt to Canada Economic Development.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 17. Obligations under finance leases

	2019	2018
	\$	\$
Finance lease, 9,67%, maturing in May 2018, guaranteed by computer equipment	—	425
Finance lease, 7,87%, maturing in June 2018, guaranteed by computer equipment	—	2,882
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	—	865
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	—	733
Finance lease, 8.78%, maturing in September 2018, guaranteed by computer equipment	—	4,052
	—	8,957
Current portion	—	8,957
	—	—
Minimum payments under finance leases		
Less than a year	—	9,129
Over one year and less than five years	—	—
	—	9,129
Interest included in minimum lease payments	—	172
Present value of minimum lease payments	—	8,957

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 consists of \$10,000 and 150,000 warrants at the rate of \$0.05 for the first twelve months and \$ 0.10 until maturity on April 19, 2018, the value attributed to warrants is \$2,430. These 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.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019 and 2018

(all amounts are in Canadian dollars, until indication)

(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.

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.

	March 31, 2019	Dec. 31, 2018
Issued:		
Amount	\$	\$
Opening balance	6,467,687	6,219,987
Private placement (b)	—	243,327
Warrants exercised (a)	—	4,373
Ending balance	6,467,687	6,467,687

	March 31, 2019 (in units)	Dec. 31, 2018 (in units)
Number of shares		
Opening balance	85,209,577	79,762,243
Private placement (b)	—	5,387,334
Warrants exercised (a)	—	60,000
Ending balance	85,209,577	85,209,577

(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 \$773.

(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 \$157,463. A share issue expense totalling \$3,260 was recorded as a reduction of the value of the private placement.

Notes to Interim Financial Statements

Three months ended March 31, 2019 and 2018
(all amounts are in Canadian dollars, until indication)

(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 as at January 1, 2018	10,000,000	\$0,06
Issued (b)	5,387,334	\$0,115
Exercised (a)	(60,000)	\$0,06
Expired warrants of shareholders (c)	(9,940,000)	\$0,06
Extension of warrants (d)	9,940,000	\$0,05
Outstanding as at December 31, 2018	15,327,334	\$0,073
Expired	—	—
Cancelled	—	—
Outstanding as at March 31, 2019	15,327,334	\$0,073

- (a) On January 24, 2018, 60,000 warrants were exercised and converted to 60,000 Common Shares at the price of \$ 0,06 per share. The fair value of \$773 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 \$157,463. A warrant issue expense totalling \$3,260 was recorded as a reduction of the value of the private placement. Each warrant allows to subscribe to one common share at a exercise price of \$0,09 the first year and at \$0,12 for the second year.
- (c) On August 26, 2018, 9,940,000 warrants expired without being exercised. The fair value of \$128,045 allocated to these warrants has been reclassified to contributed surplus.
- (d) On August 26, 2018, the 9,940,000 warrants were extended for an additional year at exercise price of \$0.05. The fair value allocated of \$79,520 has been classified to contributed surplus.
- (e) 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. On August 26, 2018, 9,940,000 warrants expired without being exercised. The fair value of \$128,045 allocated to these warrants has been reclassified to contributed surplus.
- (f) 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. On August 26, 2018, the 9,940,000 warrants were extended for an additional year, at a exercise price of \$0,05. The fair value allocated of \$79,520 has been classified to the contributed surplus.
- (g) 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:

	2018	2017
Expected life of the warrants	1 - 2 years	None
Expected volatility	131 % to 146 %	None
Risk-free interest rate	2.10%	None
Expected dividends	0.0 %	None

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019 and 2018
(all amounts are in Canadian dollars, until indication)

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 as at March 31, 2019:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2019	9,940,000	0.36	\$0.050
March 2020	5,387,334	1.11	\$0.115
	15,327,334		\$0.073

Summary table of outstanding and exercisable warrants as at December 31, 2018:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2019	9,940,000	0.65	\$0.050
March 2020	5,387,334	1.21	\$0.115
	15,327,334		\$0.073

(a) On April 19, 2018 and on August 26, 2018, 150,000 and 750,000 warrants expired without being exercised. The fair value of \$2,430 and \$34,160, totalling \$36,520 allocated to these warrants has been reclassified to contributed surplus.

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)

(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' 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 as at January 1st, 2018	1,575,000	\$0.103
Expired	(650,000)	\$0.101
Cancelled	(300,000)	\$0.105
Outstanding as at December 31, 2018	625,000	\$0.105
Expired	(625,000)	\$0.105
Cancelled	—	—
Outstanding as at March 31, 2019	—	—

INTEMA SOLUTIONS INC.

Notes to Unaudited Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)
(unaudited)

Note 19. Equity (cont'd)

Incentive stock option plan (cont'd)

During the quarter ended March 31, 2019, no stock-options were granted to employees and to non-employees (none in 2018).

Summary table of outstanding and exercisable options as at March 31, 2019

	Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
	—	—	—	—
	—	—	—	—
		—	—	—

Summary table of outstanding and exercisable options as at December 31, 2018

	Expiring	Number of options	Average remaining term	Weighted average exercise price
	February 2019	625,000	0.15	\$0.105
		625,000	—	\$0.105

Note 20. Information on Cash Flows

Change in working capital items are detailed as follows:

	March 31, 2019	March 31, 2018
Trade and other receivables	(57,242)	39,414
Prepaid expenses	(4,826)	(14,897)
Research and Development Tax Credit recoverable	(7,527)	(14,520)
Trade and other payables	(340,442)	(23,666)
Employees benefits	39,574	(35,357)
Deferred revenue	(1,032)	(10,077)
	(371,495)	(59,103)

INTEMA SOLUTIONS INC.

Notes to Interim Financial Statements

Three months ended March 31, 2019

(all amounts are in Canadian dollars, until indication)
(unaudited)

Note 21. Commitments

The Company is committed to pay under long-term leases agreements, an amount of \$262,720 before October 2023. The payments are as follows over the next five years: 2019 - \$94,020; 2020 - \$42,900; 2021 - \$44,400; 2022 - \$44,400 and 2023 - \$37,000.

Note 22. Related Party Transactions

During the period ended March 31, 2019, and December 31, 2018, 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:

	March 31, 2019 \$	March 31, 2018 \$
Salaries and Benefits	50,656	50,875
Share-based payment	—	—
Professional fees	—	15,000
	50,656	65,875

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 totalled \$50,656 at March 31, 2019 (\$65,875 at March 31, 2018)

Note 23. Economic Dependence

During the period of three months ended March 31, 2019, the Company realized sales to one major customer for an amount totalling \$110414 (\$261,295 in 2018).

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 \$ 131,536 to a supplier for fees and damages, plus interests.

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 deployment of e-mailing campaign to large companies and web services. Almost all activities are carried out in Canada.

The assets of the Company are located in Canada.

On February 1, 2019 the Company filed a proposal in the trustee's hands Demers Beaulne under the Bankruptcy and Insolvency Act. The creditors voted in favour of the proposal and on March 29, 2019 the Quebec Superior Court approved the proposal.

Note 26. Events after the reporting period

No significant events after there reporting period
