



Thunderbird Entertainment Inc.

Management's Discussion and Analysis

For the three months ended September 30, 2018 ("Q1 2019")
and September 30, 2017 ("Q1 2018")

GENERAL

This Management's Discussion and Analysis ("MD&A") dated November 29, 2018 should be read in conjunction with the unaudited interim condensed consolidated financial statements of Thunderbird Entertainment Inc. ("Thunderbird" or "the Company") for the three months ended September 30, 2018 and 2017 and accompanying notes. The unaudited interim condensed consolidated financial statements and accompanying notes for the three months ended September 30, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

On October 30, 2018, Thunderbird completed a reverse take-over (the "Transaction"), whereby Golden Secret Ventures Ltd. ("Golden Secret"), a TSX Venture Exchange listed company, acquired 100% of the issued and outstanding shares of the Company in consideration for the issuance of 36,660,561 post-consolidation common shares and 1,054,000 Class A preferred shares convertible into 351,333 post-consolidation common shares. The post-consolidation shares of Golden Secret were reinstated for trading on the TSX-Venture on November 2, 2018. Under this transaction Golden Secret changed its name to Thunderbird Entertainment Group Inc. ("TEG").

As the Transaction had not occurred as of September 30, 2018, this MD&A is solely related to the interim results of Thunderbird prior to the Transaction.

Unless otherwise indicated, all dollar amounts are expressed in thousands of Canadian dollars.

FORWARD-LOOKING STATEMENTS

Thunderbird's public communications may include written or oral "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation. All such statements may not be based on historical fact that related to the Company's current expectations and views of future events and are made pursuant to the "safe harbour" provisions of applicable securities laws.

Forward-looking statements or information may be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "plan", "project", "should", "believe", "intend", or similar expressions concerning matters that are not historical facts. These statements represent Management's current beliefs and are based on information currently available to Management and inherently involve numerous risks and uncertainties, both known and unknown. Many factors could cause actual results to differ materially from the results discussed or implied in the forward-looking statements including; general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates, and technology changes. An assessment of the risks that could cause actual results to materially differ from current expectations is contained in the "Risks and Uncertainty" section of this MD&A. The foregoing is not an exhaustive list. Additional risks and uncertainties not presently known to the Thunderbird or that Management believes to be less significant may also adversely affect the Company.

The forward-looking statements or information contained in this document represent our views as of the date hereof and as such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements or information.

NON-IFRS MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-IFRS financial measures which are not recognized under IFRS, as supplemental indicators of our operating performance and financial position. These non-IFRS financial measures are provided to enhance the user's understanding of our historical and current financial performance and our prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of our core operating results and ongoing operations and provide a more consistent basis for comparison between periods. The following discussion explains the Company's use of Adjusted EBITDA as measures of performance.

“Adjusted EBITDA” is calculated based on EBITDA, or earnings before interest, income taxes, depreciation and amortization, asset impairment charges, accretion, share-based compensation expense, finance costs and income, share of loss of associates, unrealized foreign exchange gains and losses and losses and items of an unusual nature that do not reflect our ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company’s operating performance and ability to incur and service debt, and as a valuation metric. EBITDA and Adjusted EBITDA is not an earnings measure recognized by IFRS and therefore does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA may not be comparable to similar measures presented by other issuers.

BUSINESS OVERVIEW

Thunderbird is a company incorporated under the Business Corporation Act (British Columbia). Thunderbird’s principal operating subsidiaries are Great Pacific Media Inc. (“GPM”) and Atomic Cartoons Inc. (“Atomic”). In accordance with industry practice, Thunderbird incorporates a new subsidiary corporation for each production, including each new season of ongoing series productions. Accordingly, Thunderbird has approximately 60 such subsidiary corporations.

Thunderbird is a multi-platform media production, distribution and rights management company based in Vancouver, Canada. In addition to three locations in Vancouver, Thunderbird has offices in Toronto, Ottawa, Los Angeles and London. Thunderbird’s programs cover multiple genres with a significant focus on childrens’ productions, scripted comedy and drama, and factual/non-scripted content. Thunderbird’s programs are currently being broadcast via conventional linear means in over 180 countries worldwide and on a number of digital platforms. A substantial and growing portion of Thunderbird’s programming library has been licensed directly to leading Internet “over the top” (“OTT”) platforms such as Netflix, Hulu, Amazon and iTunes which variously offer subscription video on demand (“SVOD”), transactional video on demand (“TVOD”) and advertising video on demand (“AVOD”) to their customers.

STRATEGY AND OUTLOOK

Thunderbird’s strategy is to continue to aggressively grow its business and create long-term value through the expansion of its programming library and its owned or controlled intellectual property (“IP”). While Thunderbird generates fee income during the production and initial distribution windows for its programs, management feels that long-term value creation will be best served by creating programming that can drive long-term multiple revenue streams from Thunderbird’s library. An important component of Thunderbird’s strategy is to create and own content that has established brand recognition in order to generate a broad array of revenue streams from licensing, merchandise, music, video games and other ancillary sources over an extended period of time.

Programming for children has been an important and growing component of Thunderbird’s production slate and proprietary library for over ten years. In 2015, Thunderbird expanded its focus on childrens’ programming and made a substantial investment in animated programming with the acquisition of Atomic. Atomic’s roster of clients and partners includes Nickelodeon, PBS, Spinmaster, Cartoon Network, Walt Disney, Mattel, Warner Bros., Marvel, Microsoft, Lego and NBC Universal.

Atomic, the animation division, is currently producing two series for Netflix, with additional projects in development with traditional broadcasters and OTTs. With such a robust slate of programming, Atomic has been expanding rapidly. During the past three years, Atomic has grown from engaging approximately 200 animators to over 500 animators and recently announced the opening of an Ottawa office.

Thunderbird maintains a strong presence in the non-scripted (factual) marketplace with multiple television series in the “lifestyle” genre and long running factual series. Thunderbird’s factual productions currently include Season 7 of *Highway Thru Hell*, one of the most successful factual programs in Canadian history. The series, which chronicles the action-packed world of heavy rescue towing, is being produced for Discovery Canada and is distributed in over 170 countries and on Netflix worldwide. Discovery Canada has ordered Season 8.

The factual division, GPM, also produces a “spin-off” series for Discovery Canada that brings the elements of *Highway Thru Hell* to Canada’s busiest freeway, Ontario’s notorious Highway 401. Season 3 of *Heavy Rescue: 401* is currently in production and Discovery Canada has ordered Season 4. *Heavy Rescue: 401* is also broadcast by television stations around the world and is available on Netflix.

Along with Atomic, the factual division is also expanding into the Ottawa market.

Thunderbird is currently producing Season 3 of *Kim’s Convenience*, a scripted comedy series for the CBC. In July 2018 this series became available to audiences outside of Canada when it debuted internationally on Netflix.

In keeping with global trends, an increasing portion of Thunderbird’s growth and future business focus is with OTT platforms such as Netflix, Amazon and others. Thunderbird intends to continue establishing itself as a preferred supplier of programming for these leading OTT platforms with the strategy of building iconic brands where possible. In addition to acquiring and producing proprietary programming, Thunderbird plans to grow its business and library through the acquisition of complimentary companies in the entertainment industry and through strategic business alliances. The focus of these efforts is to grow its library, expand Thunderbird’s production and distribution capabilities and extend its operations beyond North America.

Thunderbird has developed strategic business relationships with key North American and international broadcasters, with international distributors and with major global digital platforms. These strong relationships are built on a track record of past success and speak to the confidence that Thunderbird’s partners have in it to deliver quality programming on time and on budget.

Thunderbird continues to focus on higher budget and higher quality programs as management believes that this extends the life and thereby increases the value of the Thunderbird library. Thunderbird maintains a disciplined approach to acquiring and perfecting key exploitation rights to its content and strives to own the majority of the ancillary rights to its IP.

While Thunderbird’s primary focus is on producing programming in which it holds long-term proprietary interests, it also generates recurring revenue from providing production services to a variety of clients. While these activities are not a driver of long-term shareholder value growth, they do generate near term earnings and provide opportunities to build the experience and credentials of up and coming talent that Thunderbird can draw on for future proprietary productions. More importantly, the production services activities can further strengthen Thunderbird’s business relationships with key North American and international broadcasters and other clients.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

- On July 27, 2018, the Company signed a letter of intent with a TSX Venture Exchange listed company, Golden Secret Ventures Ltd. (“Golden Secret”), pursuant to which Golden Secret will acquire 100% of the shares of the Company via a reverse take-over (the “Transaction”). The Transaction will be effected by way of a Plan of Arrangement under which security holders of the Company will exchange their securities of the Company for securities of Golden Secret. In October 2018 the Transaction was approved by the TSX Venture Exchange and the Resulting Issuer commenced trading on November 2, 2018.
- In September 2018 the Company completed a brokered private placement financing of 5,125,000 subscription receipts at a price of \$2.00 per subscription receipt for aggregate gross proceeds of \$10.25 million. Each subscription receipt was exchangeable for one post-consolidation common share of the Resulting Issuer on Closing of the Transaction, which occurred on October 30, 2018.
- As part of the private placement, the Company completed a debenture financing for aggregate proceeds of \$2.25 million by issuing convertible debentures with an interest rate of 8%, each debenture being ultimately convertible into one post-consolidation common share of the Resulting Issuer on closing of the Transaction.

- During the period, the Company drew down \$6 million of a three-year non-revolving term loan in order to repurchase common shares of certain shareholders of the Company on an accretive basis. The term loan was part of an overall credit facility negotiated with the Royal Bank of Canada that also included an increased production line and an acquisition facility.
- Q1 2019 continued to expand its customer base and geographic base, with the animation division announcing the opening of a studio in Ottawa, and the Vancouver office continuing its increase in capacity.
- The Company announced that it had optioned the #1 New York Times best-selling book *Princesses Wear Pants* to develop and produce an animated TV series.
- Thunderbird also commenced development on the spooky live action children’s anthology television series *Eerie*, based on the successful book series *Eerie Elementary* written by Max Brallier (*Last Kids on Earth*) under the pen name Jack Chabert.
- *Kim’s Convenience*, a scripted comedy series for the CBC, completed production of Season 3 during the quarter. Season 3 will be broadcast in 2019. In July 2018 Seasons 1 and 2 became available to audiences outside of Canada when it debuted internationally on Netflix.
- *Max and Ruby Season 7*, an animated television series, premiered on Treehouse, with 14 of 26 of the episodes being delivered in the quarter.
- *Highway Thru Hell Season 7*, a factual television series, premiered on Discovery Canada, with 12 of the 17 episodes being delivered in the quarter.
- During the quarter, the Company was in various stages of production on 12 animated television series reflecting a blend of both services based and proprietary series, and commenced production of Season 2 of both *Worst to First* and *Save My Reno* for HGTV Canada. Thunderbird also continued principal photography of the premiere season of *Arctic Haulers*, a factual series for CBC, scheduled to air in 2019.
- In fiscal 2018 Thunderbird decided not to renew its multi season service agreement to produce the big budget live action television series *Man in the High Castle* for Amazon prime. This decision allowed the Company to re-direct valuable corporate resources to the creation of owned IP programming and other core operations. This resulted in a reduction of revenues for the quarter of \$32 million, as compared to Q1 2018, with negligible impact on net earnings.

SEASONALITY

Results of operations for any period are contingent on the number and timing of programs delivered. Therefore, the Company’s results of operations may fluctuate significantly from period to period and may not be indicative of future periods. Cash flows may also fluctuate and may not be closely correlated with revenue recognition. The Company’s revenues vary significantly over the quarters as they are driven by contracted deliveries with the broadcasters and distributors and therefore are not earned on an even basis throughout the year. The Company is also somewhat reliant on the broadcaster’s budget and financing cycles and at times the license period gets delayed and commences at a later date than originally projected. Readers of the Financial Statements and this MD&A are therefore cautioned about extrapolating the results for quarterly or annual periods in the financial year-ended June 30, 2018, into quarterly or annual expectations in future years.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Three Months Ended September 30, 2018 and 2017

The selected comparative information set out below for the three months ended September 30, 2018 and 2017 has been derived from, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the respective periods.

Financial Position

Financial position as at September 30, 2018 and June 30, 2018:

<i>(\$000's)</i>	September 30, 2018	June 30, 2018
Total assets	\$ 125,524	\$ 112,716
Total non-current liabilities	\$ 10,859	\$ 6,576
Shareholders' equity	\$ 31,638	\$ 38,149

Results of Operations

Results for the three months ended September 30, 2018 compared to the three months ended September 30, 2017:

<i>(\$000's, except per share data)</i>	For the three months ended September 30,	
	2018	2017
Revenue	\$ 14,361	\$ 66,722
Expenses	12,907	62,943
Net income from continuing operations	1,454	3,779
Foreign currency translation adjustment	(9)	(74)
Comprehensive net income for the period attributable to owners of the parent	\$ 1,445	\$ 3,705
Basic earnings per share - continuing operations	\$ 0.037	\$ 0.114
Diluted earnings per share - continuing operations	\$ 0.026	\$ 0.080

Adjusted EBITDA

Adjusted EBITDA is summarized as follows:

<i>(\$000's)</i>	For the three months ended September 30,	
	2018	2017
Income from continuing operations	\$ 1,454	\$ 3,779
Income tax expense	835	664
Deferred income tax expense (recovery)	334	(84)
Finance costs		
Interest expense and income	372	88
Dividends on preferred shares	18	18
Unrealized foreign exchange gain	(104)	(352)
Amortization		
Property and equipment	597	304
Intangible assets	160	443
Share-based compensation	313	12
Acquisition / restructure costs / RTO	209	132
Other	-	124
	\$ 2,734	\$ 1,349
Adjusted EBITDA	\$ 4,188	\$ 5,128

The Company's adjusted EBITDA for Q1 2019 was \$4.2 million as compared to \$5.1 million over the first quarter of 2018. In Q1 2018, the Company delivered a large budget proprietary television series for ABC Network. No

comparative delivery was made this quarter which resulted in a lower income from continued operations and adjusted EBITDA.

Revenues

Revenue streams are summarized as follows:

(\$000's)	For the three months ended September 30,	
	2018	2017
Production services	\$ 6,332	\$ 37,819
Distribution and licensing	7,585	28,368
Other	444	535
Total revenues	\$ 14,361	\$ 66,722

Total revenues in Q1 2019 decreased 78% over the comparative quarter.

Production services revenue increased by 8% in animation production services (\$463) and decreased by 100% in live action production services (\$32 million). Thunderbird's animation division had a significant increase in capacity in fiscal 2018 which has resulted in a continuous increase in production service volume and revenue. Live action production service work decreased by 100% in Q1 2019 due to the live action television series *Man in the High castle* produced in Q1 2018 that had relatively small profit margins. Subsequent to Q1 2018, the Company chose to redirect valuable internal resources to support proprietary projects and is therefore no longer producing this series. This resulted in a comparative decrease in both revenues and direct costs for Q1 2019.

Licensing and distribution revenues decreased by 96% in scripted (\$21 million) and 34% in factual (\$1.9 million) and offset by increases in theatrical distribution (\$197) and \$1.9 million in animation (there was minimal activity in animation licensing and distribution revenue in Q1 2018). The decrease in scripted was due to a large budget proprietary television series for ABC Network which was completed and delivered by the Company in Q1 2018. There was no comparative series completed in Q1 2019 and therefore this resulted in a decrease in both revenues and direct costs for Q1 2019.

Direct Costs

(\$000's)	For the three months ended September 30,	
	2018	2017
Direct costs	\$ 3,780	\$ 35,880
Amortization of production costs	976	21,682
Other	555	780
Total direct operating costs	\$ 5,311	\$ 58,342

Direct costs include acquisition costs for third party library product, fees paid to sales agents or sub distributors, development expenses and costs directly related to the Company's completed productions, such as production expenses on service work. Direct costs in Q1 2019 decreased 91% over the comparative quarter, consistent with the decrease in the Company's live action production service and scripted revenues as described above.

General and administrative

(\$000's)	For the three months ended September 30,	
	2018	2017
Contractors, salaries and employee benefits	\$ 2,801	\$ 2,333
Rent	516	367
Amortization of property and equipment	597	304
Computer maintenance	360	176
Legal and professional fees	299	68
Other	491	336
Total general and administrative	\$ 5,064	\$ 3,584

The Company's general and administrative expenses include salaries, contracting fees, rent and office expenses for the Vancouver, Toronto, Los Angeles and London offices.

General and administrative expenses increased 41% in Q1 2019 over the comparative quarter. Salaries and contracting fees increased 20% in Q1 2019 over the comparative quarter due mainly to animation studio growth including the continued expansion of US development. Rent increased by 41% in Q1 2019 due to the increased requirement for space to accommodate the increase in capacity. Amortization of property and equipment increased by 96% in Q1 2019 over the comparative quarter due to the increase in capacity and service volume of the Company's animation division which resulted in an increase in computer hardware purchases. During the quarter computer maintenance increased by \$184 over the comparative first quarter of 2018, to \$360. This was primarily due to the increased need for computer maintenance and IT support in the Company's animation division. Legal and professional fees were \$299, up \$231 from Q1 2018. The additional legal fees incurred pertained to the second quarter reverse take-over and therefore \$249 of these fees have been added back to adjusted EBITDA. Other expenses also increased 46% over Q1 2018 due to additional expenses, such as telephone, cleaning and supplies, incurred from the larger office space acquired to accommodate the growing animation division.

Finance and other

(\$000's)	For the three months ended September 30,	
	2018	2017
Interest and bank charges	\$ 418	\$ 119
Interest income	(28)	(13)
Realized foreign exchange (gain) loss	(38)	39
Unrealized foreign exchange gain	(104)	(352)
Total finance and other	\$ 248	\$ (207)

Finance and other expenses include interest income and expenses and realized and unrealized foreign exchange gains and losses. Finance and other expenses increased by 220% in Q1 2019 over the comparative quarter. This is due primarily to an increase in interest and bank charges on production financing from completed programs due to longer payment terms from clients.

Dividends on preferred shares

The Company pays dividends of \$0.07 per Class B Series 2 preferred shares and \$0.08 per Class C preferred shares. Dividends paid for the three months ended September 30, 2018 and 2017 are as follows:

(\$000's)	For the three months ended September 30,	
	2018	2017
Class B Series 2	\$ 18	\$ 18
Class C	386	386
Total dividends paid	\$ 404	\$ 404

QUARTERLY FINANCIAL INFORMATION

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenues	\$14,361	\$ 11,378	\$ 12,131	\$ 52,171	\$ 66,722	\$ 25,582	\$ 12,184	\$ 15,274
Net income (loss) from continuing operations	\$ 1,454	\$ (237)	\$ (892)	\$ 710	\$ 3,780	\$ (2,050)	\$ (2,174)	\$ 401
Basic earnings (loss) per share	\$ 0.037	\$ (0.021)	\$ (0.043)	\$ 0.011	\$ 0.114	\$ (0.084)	\$ (0.085)	\$ 0.000
Diluted earnings (loss) per share	\$ 0.026	\$ (0.021)	\$ (0.043)	\$ 0.008	\$ 0.080	\$ (0.084)	\$ (0.085)	\$ 0.001

Note: this information was derived from unaudited quarterly financial information.

LIQUIDITY

The Company's liquidity needs for the next twelve months are expected to be met by cash on hand, cash generated from operations and existing revenue resources in addition to raising funds through a variety of sources including refundable tax credit loans, and raising capital through the public market. The Company's management will continue to pursue further sources of debt or equity financing to continue the development and production of film and television properties.

As at September 30, 2018 the Company has a cash balance of \$16.1 million, as compared to cash of \$12.9 million at June 30, 2018. A cash flow summary for the three months ended September 30, 2018 and 2017 is as follows:

(\$000's)	For the three months ended September 30	
	2018	2017
Cash Inflows (Outflows) by Activity:		
Operating activities	\$ (6,509)	\$ (8,522)
Financing activities	10,198	17,187
Investing activities	(492)	(693)
Effect of exchange rate changes on cash	66	(221)
Net cash inflows	\$ 3,263	\$ 7,751

Cash flows from financing activities are primarily driven by the Company's practice to finance productions in progress by way of production bank loans secured against refundable tax credits, distribution, licensing and production service agreements on a per production basis in addition to a general security agreement. The bank loan drawn and interest thereon is repayable upon receipt of the respective refundable tax credits and corresponding revenues receivable. Cash flows from financing activities generated \$10.2 million in Q1 2019 as compared to generating \$17.2 million in the comparative quarter. The significant fluctuations are due predominantly to timing of loan proceeds versus loan repayments.

Cash flows from investing activities pertain to equipment purchases. During the three months ended September 30, 2018, the Company purchased property and equipment, primarily computer equipment, totalling approximately \$492 thousand as compared to purchasing \$693 thousand in the comparative quarter.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions, and to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements.

To facilitate the management of its capital structure, the Company prepares annual expenditure budgets that are updated as necessary depending on the various factors, including industry conditions and operating cash flows. The annual and updated budgets are reviewed by the Board of Directors.

On June 1, 2018, the Company entered into a new credit agreement with the Royal Bank of Canada (“RBC”) which provides the Company access to funding over three distinct credit facilities.

Facility 1, is a five-year \$10 million non-revolving term loan for financing up to 75% of an acquisition’s purchase price of select media companies bearing interest at prime plus 0.50%. Repayments include an annual cash flow sweep of 5% of Thunderbird’s EBITDA due within 120 days of the fiscal year-end. As at September 30, 2018, this facility had not been drawn upon.

Facility 2, is three-year \$6 million non-revolving term loan to facilitate the buyback of the Company’s shares bearing interest at prime plus 0.50%. Repayments include a tax credit sweep of 100% of claimed tax credits. During the quarter, the Company drew down \$6 million in order to repurchase common shares of certain shareholders of the Company. 4,800,000 shares were repurchased at a price of \$1.25 per share.

Facility 3, is a \$5 million revolving term loan for bridging production financing of productions being produced prior to closing of an applicable production facility. Facility 3 bears interest at prime plus 1.25% and must be repaid on the earlier of 15 days of individual production financing close or 180 days from the first drawdown. During the quarter, the Company drew down \$4.1 million.

The credit agreement is guaranteed by subsidiaries of the Company. Commencing in the second quarter, the credit agreement requires that the Company comply with a funded debt to borrower’s consolidated EBITDA ratio not greater than 3:1 and a debt service coverage not less than a 1.25:1 ratio. Debt service coverage is defined as the ratio of EBITDA less cash taxes and, to the extent not deducted in determining net income, less corporate distributions, to the total of interest expense and scheduled principal payments in respect of funded debt. These covenants are to be tested quarterly on a consolidated basis.

The overall strategy with respect to capital risk management remains unchanged from the year-ended June 30, 2018.

CONTRACTUAL OBLIGATIONS

The following is a summary of the Company’s contractual obligations as at September 30, 2018:

(\$000’s)	Within 1 year	1 to 5 years	More than 5 years	Total
Operating leases ⁽¹⁾	\$ 2,084	\$ 9,506	\$ 6,771	\$ 18,361
Equipment lease obligations ⁽²⁾	2,116	1,995	-	4,111
Redeemable preferred shares ⁽³⁾	2,505	-	-	2,505
Long-term debt ⁽⁴⁾	2,529	4,621	-	7,150
	\$ 9,234	\$ 16,122	\$ 6,771	\$ 32,127

(1) Pursuant to operating leases, see Note 18 (Commitments and Contingencies) to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2018 for details.

(2) Pursuant to capital leases for computer, video editing and production equipment, the obligations bear implied interest ranging from 4.34% - 4.76% and mature from January 2020 – February 2021.

(3) See Note 12 (Share Capital) and Note 22 (Subsequent Events) to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2018 for details.

(4) See Note 10 (Long-term Debt) to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2018 for details.

(5) Note: In addition to the totals above, the Company has interim production financing owing in the amount of \$46,850 (see Note 8 (Interim Production Financing) to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2018 for details).

RISKS AND UNCERTAINTY

The Company is exposed to a number of specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company’s business operations and its operating results and as a result could materially impact its business, results of operations, prospects, and financial condition. The specific and general risks include, but are not limited to the following; risks related to the nature of

the entertainment industry, risks related to the television and film industries, entertainment industry trends, external factors in the content industry, fluctuation in the price of securities, merchandising, potential budget overruns and other production risks, limited ability to exploit film and television content library, changes in regulatory environment, reliance on distribution of Canadian content and government funding, litigation, risks of liability claims for content, technological changes, labour relations, concentration risks, fluctuation of financial results, competition, dependence on key personnel, protection of intellectual property, investment strategy, acquisitions, impacts of fluctuations in exchange rates, loss of Canadian status, international distribution activities, the impact of any changes in interest rates, changes to taxation legislation, income taxes and audits from tax authorities, dependence on management information systems, risks related to privacy of information and security, future financing, and increased costs and compliance risks as a result of being a public company.

For further details see “RISKS FACTORS”, contained in Thunderbird Entertainment Group Inc. (formerly “Golden Secret Ventures Ltd.”) filing statement filed October 29, 2018, on www.sedar.com.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company’s financial assets and liabilities consist of cash, trade receivables, due from related parties, accounts payable and accrued liabilities, interim production financing, long-term debt and redeemable preferred shares. The Company is exposed to credit risk, liquidity risk and market risk in the normal course of operations. The Company does not use derivative instruments to reduce its exposure.

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s financial risk management framework and monitors risk management activities. The Company identifies and analyzes the risks faced by the Company and may utilize financial instruments to mitigate these risks.

Credit risk

The Company is subject to credit risk with respect to cash and cash equivalents and trade receivables and production financing. Production financing receivable is mainly with Canadian broadcasters and large international distribution companies. For certain arrangements with licensees, the Company is considered the agent, and only reports the revenue net of the licensor’s share. When the Company bills a third party in full where it is an agent for the licensor, the Company records an offsetting amount in accounts payable to the licensee when the amount is collected from a third party. This reduces credit risk, as the Company is only exposed to the amounts receivable related to the revenue it records.

At September 30, 2018, one broadcaster/distributor individually accounted for more than 10% of trade and production financing receivables. Receivables from this broadcaster/distributor accounted for 19% of the total trade and financing receivables. The Company does not have an allowance for doubtful amounts as at September 30, 2018 and June 30, 2018 as management believes that the net amount of receivables is fully collectible. The Company generally does not require collateral.

All cash and cash equivalents balances are held at major Canadian banking institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company’s reputation (see Note 17 of the audited consolidated financial statements for June 30, 2018 contained in the Thunderbird Entertainment Group Inc. (formerly “Golden Secret Ventures Ltd.”) filing statement filed October 29, 2018, on www.sedar.com, for further details).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and government assistance risk, will affect the Company’s net income and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its interim production financing and long-term debt which bears a floating interest rate. Based on the average carrying value of these facilities, a fluctuation in interest rates of 1% would represent approximately a \$505 change to net loss for the three months ended September 30, 2018 (2017 - \$658). The Company has no interest rate hedges or swaps outstanding at September 30, 2018.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's activities which expose it to currency risk involve the holding of foreign currencies as well as earning revenues and incurring expenses that are denominated in foreign currencies. The Company has not engaged in any foreign exchange hedging activities to date, however, the Company mitigates its currency exchange risk by entering into natural hedges whereby foreign currency liabilities are offset by assets pledged in the same foreign currency.

TRANSACTIONS WITH RELATED PARTIES

During the period ended September 30, 2018, dividends of \$178 (September 30, 2017 - \$143) were paid to directors and key management personnel and companies owned by directors and key management personnel. Producer fees of nil (September 30, 2017 - \$68) were paid to companies owned by directors and a president and revenue of nil (September 30, 2017 - \$173) was received from a company owned by a director and president. At September 30, 2018, \$607 (September 30, 2017 - \$607) was due from a company owned by a director and president.

The related party transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables/payables.

Key Management Personnel Compensation

Key management includes all directors, as well as the Executive Chair, Vice Chair, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and President. The remuneration of directors and officers is as follows:

	For the three months ended September 30,	
	2018	2017
Short-term benefits	\$ 688	\$ 560
Share based payments	280	18
Total	\$ 968	\$ 578

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to financial statements, have been set out in note 3 of the Company's annual consolidated financial statements for the year-ended June 30, 2018 contained in Thunderbird Entertainment Group Inc. (formerly "Golden Secret Ventures Ltd.") filing statement filed October 29, 2018, on www.sedar.com. Actual results may differ materially from these estimates (refer to page 1 of this MD&A for more information regarding forward-looking statements).

SIGNIFICANT ACCOUNTING POLICIES

The Company's critical accounting policies and estimates are disclosed in the "Significant Accounting Policies" note to the audited annual consolidated financial statements for the year-ended June 30, 2018 contained in Thunderbird Entertainment Group Inc. (formerly "Golden Secret Ventures Ltd.") filing statement filed October 29, 2018, on www.sedar.com.

Standards applied during the period

IFRS 9, Financial Instruments (effective for annual periods beginning on or after January 1, 2018)

Effective July 1, 2018, the Company adopted IFRS 19. The final version of IFRS 9 was issued by the IASB in July 2014 and supersedes IAS 39, Financial Instruments: Recognition and Measurement. The standard provides guidance on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting.

IFRS 9 establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Under IFRS 9, the financial instrument classification categories are as follows:

Financial instrument	IAS 39 Category	IFRS 9 Category
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Interim production financing	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Redeemable preferred shares	Other financial liabilities	Amortized cost

IFRS 9 also introduces an expected credit loss impairment model to replace the incurred loss model under IAS 39 and is generally expected to result in earlier recognition of credit losses. The Company has assessed the new requirement and concluded the effect of the change was immaterial, as the Company has historically had very limited actual incurred losses on receivables and expects future losses to remain minimal.

IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after January 1, 2018)

Effective July 1, 2018, the Company adopted IFRIC 22. The IASB issued IFRIC 22 to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation establishes that the exchange rate to use on the initial recognition of the transaction is the exchange rate for the date on which an entity initially recognized the non-monetary asset or liability arising from the payment or receipt of advance consideration.

The Company has elected to apply IFRIC 22 on a prospective basis beginning July 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018)

Effective July 1, 2018, the Company adopted IFRS 15. IFRS 15 replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and some revenue related interpretations. The underlying principle is that an entity will recognize revenue to depict the transfer of goods and services to customers at an amount the entity expects to be entitled to in exchange for those goods and services. The standard establishes a five-step model to assess the amount and timing of revenue recognized relative to the fulfilment of contractual performance obligations.

Under IFRS 15, the Company has determined that revenue from the licensing of film and television programs should be recognized at the later of the start date of the license term and the satisfaction of the contractual delivery terms. Previously, licensing revenue was recognized at an earlier date when certain conditions were met as further discussed in note 3(l) in the annual consolidated financial statements.

In addition, the Company has determined that, under IFRS 15, any contract acquisition costs will be capitalized and amortized over the same term as the underlying contract is recognized.

The Company adopted IFRS 15 using the modified retrospective method on the date of transition (July 1, 2018). On this date, the cumulative effect of initially applying the guidance was recognized and the financial information previously presented for the year-ended June 30, 2018 has remained unchanged.

The cumulative effect of the changes made to the consolidated July 1, 2018 balance sheet for the adoption of IFRS 15 are as follows:

	Balance at June 30, 2018	Adjustments due to IFRS 15	Balance at July 1, 2018
Balance Sheet			
ASSETS			
Current			
Cash and cash equivalents	\$ 12,886	\$ -	\$ 12,886
Trade receivables and other	57,246	(469)	56,777
Income taxes recoverable	357	-	357
Other current assets	80	-	80
	70,569	(469)	70,100
Long-term trade receivables	1,336	276	1,612
Investment in content	17,965	180	18,145
Deferred tax assets	4,448	847	5,295
Property and equipment	3,873	-	3,873
Goodwill and intangible assets	14,525	-	14,525
Total Assets	\$ 112,716	\$ 834	\$ 113,550
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 10,525	\$ (66)	\$ 10,459
Income taxes payable	2,523	143	2,666
Interim production financing	41,681	-	41,681
Deferred revenue	9,367	2,618	11,985
Current obligations under finance leases	1,390	-	1,390
Redeemable preferred shares	2,505	-	2,505
	67,991	2,695	70,686
Long-term debt	1,534	-	1,534
Long-term obligations under finance leases	1,421	-	1,421
Deferred tax liabilities	3,621	-	3,621
Total Liabilities	74,567	2,695	77,262
SHAREHOLDERS' EQUITY			
Common shares	29,799	-	29,799
Preferred shares	19,526	-	19,526
Accumulated other comprehensive income	269	-	269
Contributed surplus	1,777	-	1,777
Deficit	(13,214)	(1,861)	(15,075)
Equity attributable to owners of the Company	38,157	(1,861)	36,296
Non-controlling interest	(8)	-	(8)
Total Shareholders' Equity	38,149	(1,861)	36,288
Total Liabilities and Shareholders' Equity	\$ 112,716	\$ 834	\$ 113,550

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our consolidated income statement was as follows:

For the period ended September 30, 2018				
	As Reported	Balances without Adoption of IFRS 15	Effect of Change Higher (Lower)	
Revenue	\$ 14,361	\$ 11,257	\$ 3,104	
Expenses				
Direct operating	5,311	5,149	162	
Distribution and marketing	802	802	-	
General and administrative	5,064	5,042	22	
Share-based compensation	313	313	-	
Finance costs, net	248	248	-	
	11,738	11,554	184	
Income (loss) before income taxes	2,623	(297)	2,920	
Income tax expense	1,169	442	727	
Income (loss) from continuing operations	\$ 1,454	\$ (739)	\$ 2,193	

IFRS 2, Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018)

Effective July 1, 2018, the Company adopted the amendments to IFRS 2. There was no impact to the Company's consolidated financial statements upon adoption of the amendments to this standard.

Standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 16, Leases (effective for annual periods beginning on or after January 1, 2019)

IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, Leases. The standard provides a single lease accounting model, requiring lessees to recognize assets and liabilities for almost all leases, with an exemption for leases with a minimal value or of a short-term duration. The Company is in the process of assessing the effect of adopting the new and amended standards and the impact they may have on the consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after January 1, 2019)

IFRIC 23 was issued by the IASB in June 2017 and clarifies the accounting for uncertainties in income taxes under IAS 12, Income Taxes. The Company is in the process of assessing the effect of adopting the new and amended standards and the impact they may have on the consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure and to provide reasonable assurance that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules. The CEO and CFO have also designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the liability of financial reporting and the preparation of financial statements for external purposes.

The CEO and the CFO, after evaluating the effectiveness of the Company’s disclosure controls and procedures, and internal control over financial reporting, concluded that as at September 30, 2018, both the Company’s disclosure controls and procedures and internal control over financial reporting were operating effectively. It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitation in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected.

There were no changes in internal controls over financial reporting during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at October 29, 2018 the Company had the following common and preferred shares and stock options outstanding. There are no shares held in escrow.

Common Shares	25,297,353
Preferred Shares	9,658,750
Preferred Shares – redeemable	1,054,000
Stock Options	4,111,000

As disclosed on page 1 of this MD&A, on October 30, 2018, Thunderbird completed a reverse take-over (the “Transaction”), whereby Golden Secret Ventures Ltd. (renamed Thunderbird Entertainment Group Inc.), a TSX Venture Exchange listed company, acquired 100% of the issued and outstanding shares of the Company. Pursuant to this transaction the Company’s preferred shares and options were exchanged for preferred shares and options in Thunderbird Entertainment Group Inc. Therefore, as at November 29, 2018, the Company also did not have any preferred shares, or stock options outstanding.

Directors and Officers as at September 30, 2018

Directors

Ivan Fecan	Executive Chair, Director
Tim Gamble	Vice Chair, Director
Jennifer Twiner McCarron	CEO, Director
Mark Miller	President, Director
Cameron White	COO, Director
Francesco Aquilini	Director
Tom Astle	Director
Stephen Cheikes	Director
Frank Giustra	Director
Frank Holmes	Director
Lisa Richardson	Director
Paul Sparkes	Director

Officers

Jennifer Twiner McCarron	CEO, Director
Mark Miller	President, Director
Barb Harwood	CFO
Cameron White	COO, Director