



Thunderbird Entertainment Group Inc.

(formerly Golden Secret Ventures Ltd.)

Management's Discussion and Analysis

For the three and nine months ended March 31, 2019 ("Q3 2019")

and March 31, 2018 ("Q3 2018")

GENERAL

This Management's Discussion and Analysis ("MD&A") dated May 28, 2019 should be read in conjunction with the unaudited interim condensed consolidated financial statements of Thunderbird Entertainment Group Inc. ("Thunderbird" or "the Company") for the three and nine months ended March 31, 2019 and 2018 and accompanying notes. The unaudited interim condensed consolidated financial statements and accompanying notes for the three and nine months ended March 31, 2019 and 2018 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 Entertainment Inc. ("TEI") completed a reverse take-over (the "RTO Transaction"), whereby Golden Secret Ventures Ltd. ("Golden Secret"), a TSX Venture Exchange ("TSX-V") listed company, acquired 100% of the issued and outstanding shares of TEI 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-V on November 2, 2018. Under this transaction Golden Secret changed its name to Thunderbird Entertainment Group Inc.

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 facts 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 the Company's factual division, Great Pacific Media Inc. ("GPM"), kids and family division, Atomic Cartoons Inc. ("Atomic"), scripted division, Thunderbird Productions, and Thunderbird Releasing. 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 children's productions, scripted comedy and drama, and non-scripted (factual) content. Thunderbird's programs are currently being broadcast via conventional linear means, and a number of digital platforms, in more than 180 territories worldwide. 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 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 intentionally grow the Company's divisions and their respective brands, developing long-term value through the expansion of its programming library and leveraging its owned or controlled intellectual property ("IP"). While Thunderbird generates fee income during the production and initial distribution windows for its programs, one of the Company's main objectives is to create long-term value with programming that can drive multiple revenue streams from Thunderbird's library. This involves developing and owning content that has established brand recognition, which in turn helps generate a broad array of revenue streams from licensing, such as merchandise, music, video games and other ancillary sources over an extended period of time.

Children's programming has been and continues to be an important and growing component of Thunderbird's production slate and proprietary library. In 2015, Thunderbird expanded its focus on kids and family programming by making a substantial investment in animated programming with the acquisition of Atomic Cartoons. Today, Atomic's roster of clients and partners includes Netflix, Nickelodeon, PBS, Spinmaster, Teletoon, Treehouse, Cartoon Network, Walt Disney, Mattel, Warner Bros., Marvel, Microsoft, Lego and NBC Universal.

Atomic, which is formally the Company's kids and family division, is currently producing two series for Netflix, with additional projects in development for traditional broadcasters and OTT's. With a robust slate of programming, Atomic has been expanding rapidly. With the addition of its Los Angeles office in 2017, the Company has a more direct and accessible relationship with many of its partners, including Netflix, Disney, and NBC Universal, to list a few. During the past three years, Atomic has grown from engaging approximately 200 animators, to more than 550 and recently announced the opening of an Ottawa office. The Ottawa studio is expanding the capacity of the kids and family division, and supporting future growth for the Company's factual and scripted divisions.

Thunderbird maintains a strong presence in the non-scripted (factual) marketplace with multiple television series in the "lifestyle" genre and also long running factual series. Thunderbird's factual productions currently include Season 8 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. Season 7 is currently airing on Discovery Canada.

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* airs on Discovery Canada and Season 4 is currently in production. *Heavy Rescue: 401* is also broadcast by television stations around the world, available on Netflix, and licensed by the Weather Channel in the US as a broadcast in the station’s primetime schedule. GPM also produces the lifestyle series *Save My Reno* and *Worst to First* for HGTV. *Save My Reno* recently aired its second season, and *Worst to First* had its second season premiere in May 2019.

Thunderbird’s scripted division is currently producing Season 4 of *Kim’s Convenience*, a live action comedy series for the CBC, with Season 3 recently completing its run on the network. In July 2018 this series became available to audiences outside of Canada when it debuted internationally on Netflix. And as of early 2019, the first three seasons became available by cable release in Korea and Japan.

Thunderbird Releasing is an all-rights film distribution company based in London, UK. Established in 2002, the releasing division has a library of more than 300 titles. Recent releases include the Palme d’Or winning *Shoplifters*, and Lee Chang-dong’s *Burning* as well as *Toni Erdmann*, *Paterson*, *A Quiet Passion*, *My Life as a Courgette* and the documentary *David Lynch: The Art Life*.

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, and with international distributors and major global digital platforms. These strong relationships are built on a track record of past success and demonstrate the confidence that Thunderbird’s partners have in the Company to deliver quality programming, on time and on budget.

Thunderbird continues to focus on higher budget and higher quality programs as management believes 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 the Company holds long-term proprietary interests, it also generates recurring revenue from providing production services to a variety of clients. These activities generate near term earnings, and provide additional opportunities for the Company to develop its emerging talent and credentials, which can be further leveraged for future proprietary productions. Additionally, service production 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 AND NINE MONTHS ENDED MARCH 31, 2019

- On October 30, 2018, the Company completed the acquisition of all of the issued and outstanding shares of a private company, Thunderbird Entertainment Inc. (“TEI”), through a reverse takeover transaction (the “RTO Transaction”). The Company is considered to be a continuation of TEI with the net assets of the Company at the date of the RTO Transaction deemed to have been acquired by TEI. The RTO Transaction was approved by the TSX Venture Exchange and the Resulting Issuer (renamed Thunderbird Entertainment Group Inc.) commenced trading on November 2, 2018 under the ticker symbol “TBRD”.
- Prior to the RTO Transaction TEI 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. On October 30, 2018, each subscription receipt was exchanged for one post-consolidation common share of the Resulting Issuer. Concurrent with the brokered private placement, TEI raised an additional

\$2.25 million by the issuance of 8% convertible debentures that were converted into common shares at a price of \$2.00 per share upon completion of the RTO Transaction.

- During the nine months ending March 31, 2019, the Company paid down \$4.0 million of a \$6 million three-year non-revolving term loan drawn in July 2018. The term loan was drawn in order to repurchase common shares of certain shareholders of TEI on an accretive basis and 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.
- The Company adopted and implemented IFRS 15, *Revenue from contracts with customers*, which established a new comprehensive framework on revenue recognition. Under IFRS 15, the Company has determined that licensing and distribution revenue should be recognized at the later of the start date of the license term and the satisfaction of the contractual performance obligations. Previously, licensing revenue was recognized at the earlier date of delivery when certain conditions were met.
- Consolidated revenue for the three and nine months ended March 31, 2019 was \$21.9 million and \$47.8 million as compared to \$12.1 million and \$131 million for the comparative periods of fiscal 2018, an increase of \$9.7 million and a decrease of \$83.2 million respectively. The majority of the nine month decrease (\$69.6 million) was related to the Company's decision in fiscal 2018 to not renew its multi season service agreement to produce the live action television series *Man in the High Castle*. Previous season revenues from this production were recognized in Q1 to Q3 of fiscal 2018. Although the series generated significant revenues, the profit margins were small and management decided to re-direct valuable corporate resources to the creation of owned IP programming and other core operations. The remainder of the nine month decrease was related 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 revenues of \$21 million. These decreases were partially offset by increases in both the animation and factual divisions. A portion of the quarterly revenue increase over the comparative quarter in 2018 specifically related to the adoption of IFRS 15, which resulted in later recognition of revenue on continuing series, in both scripted and factual of \$6.5 million and \$2.8 million respectively.
- Consolidated net income was \$1.9 million and consolidated net loss was \$2.7 million for the three and nine months ending March 31, 2019, compared to net loss of \$0.9 million and net income of \$3.7 million for the comparative periods of fiscal 2018. In addition to the implementation of IFRS 15 and other matters referenced above, which affected the timing of recognition of revenues between quarters, the Company also incurred a one-time charge during the period relating to the RTO Transaction of \$5.3 million. This non-cash charge represented the difference between the net assets acquired and the fair value of the Golden Secret shares, options and warrants that were exchanged.
- Adjusted EBITDA was \$5 million and \$10.6 million for the three and nine months ending March 31, 2019, compared to (\$0.2 million) and \$8.9 million for the comparative periods of fiscal 2018, an increase of \$5.2 million and \$1.7million, respectively. These increases were due to growth in the animation and factual divisions, offset partially by decreases in the scripted division as described above and by decreases due to public company costs. See "Non-IFRS Measures" and "Adjusted EBITDA" sections of this MD&A for the definition and detailed calculation of Adjusted EBITDA.
- During the quarter, the Company had 17 television series in various stages of production, with roughly 1,000 crew across its Vancouver, Los Angeles, London, Toronto and Ottawa offices.
- The Company continued to recruit and promote key talent, with the following appointments and new hires:
 - ◆ In Los Angeles, Matthew Berkowitz was promoted to the role of Chief Creative Officer (CCO) of Thunderbird Entertainment. As CCO, Berkowitz is instrumental to Thunderbird's long-term growth strategy, which focuses on the continued expansion and development of its IP library.

- ◆ In Los Angeles, Kristin Cummings was recruited from DreamWorks Animation to jointly serve with Aaron Behl as VP Originals in Thunderbird's kids and family division. Behl was an internal promotion, most recently serving as Director of Development. Their joint focus is to lead both the kids and family portfolio at the Company, as well as to develop its emerging adult animation slate.
- ◆ In Vancouver, Wendy McKernan, who is known as one of Canada's most respected factual producers, was appointed Vice President of Thunderbird Factual. In her role, she oversees all production at Thunderbird Factual, including lifestyle and factual programming. She also became a senior member of a team working to develop fact-based events into scripted projects.

Thunderbird Kids and Family

- During the quarter, Thunderbird's kids and family division, was in various stages of production on 11 animated television programs, reflecting a blend of both service based and proprietary series.
- The Company also announced the voice cast, which included many top celebrities, for its forthcoming animated Netflix series based on the best-selling *The Last Kids on Earth* books by Max Brallier. The announcement resulted in significant coverage worldwide.
- Additionally, Thunderbird's kids and family division announced two strategic partnerships that continue to expand, leverage and monetize its IP acquisitions. The first involved a partnership with the internationally-acclaimed pop-culture brand tokidoki to develop an original animated series based on tokidoki's *Mermicorno* character family. The second involved the Company entering into a worldwide licensing agreement with Cyber Group Studios for its upcoming animated series based on Max Brallier's books *The Last Kids on Earth*.

Thunderbird Factual

- During the quarter, Thunderbird's factual division was in production with five shows: *Highway Thru Hell (Season 8)*, *Heavy Rescue: 401 (Season 4)*, *Save My Reno (Season 2)*, *High Arctic Haulers*, and *Worst to First (Season 2)*.
- The Company also delivered 17 original hours of *Heavy Rescue: 401 (Season 3)*, which is one of Canada's highest rated factual series. The audiences for these episodes surpass one million people weekly on Discovery. The network has now ordered an additional 17 hours for broadcast in January 2020.
- *Heavy Rescue: 401* was also licensed by the Weather Channel in the US, to be broadcast in their primetime schedule. The Weather Channel is seen in more than 80 million homes.
- The second season of *Save My Reno* was fully delivered to HGTV Canada, which includes 14 episodes. The series remains a ratings success on the network.

Thunderbird Scripted

- Thunderbird's scripted division announced a collaboration with author Cherie Dimaline and TV writer/producer Jennica Harper to adapt Dimaline's award-winning novel, *The Marrow Thieves*, for television.
- Thunderbird also reached a distribution deal for the first three seasons of *Kim's Convenience* with distributor Yoon & Company for a cable release in Korea and Japan, which commenced in early 2019.
- Thunderbird's scripted division continued with production on the fourth season of its award-winning comedy series *Kim's Convenience* during the quarter. *Kim's Convenience* airs on CBC in Canada and is available on Netflix worldwide.

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 and license period start dates 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

Financial Position

Financial position as at March 31, 2019 and June 30, 2018:

<i>(\$000's)</i>	March 31, 2019	June 30, 2018
Total assets	\$ 123,891	\$ 112,716
Total non-current liabilities	\$ 6,622	\$ 6,576
Shareholders' equity	\$ 48,506	\$ 38,149

For the three and nine months ended March 31, 2019 and 2018

The selected comparative information set out below for the three and nine months ended March 31, 2019 and 2018 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.

Results of Operations

Results for the three and nine months ended March 31, 2019 compared to the three and nine months ended March 31, 2018:

<i>(\$000's, except per share data)</i>	For the three months ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue	\$ 21,865	\$ 12,131	\$ 47,815	\$ 131,024
Expenses ¹	19,938	13,023	50,538	127,426
Net income (loss) from continuing operations	1,927	(892)	(2,723)	3,598
Income from discontinued operations	-	-	-	93
Non-controlling interest	-	-	(8)	-
Foreign currency translation adjustment	(50)	(35)	(35)	(87)
Comprehensive net income (loss) for the period attributable to owners of the parent	\$ 1,877	\$ (927)	\$ (2,766)	\$ 3,604
Basic earnings (loss) per share - continuing operations	\$ 0.041	\$ (0.043)	\$ (0.088)	\$ 0.082
Diluted earnings (loss) per share - continuing operations	\$ 0.039	\$ (0.043)	\$ (0.088)	\$ 0.067

¹ Expenses includes a non-cash charge related to Public company listing of \$5,316 in the nine months ended March 31, 2019.

Adjusted EBITDA

Adjusted EBITDA is summarized as follows:

(\$000's)	For the three months ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Income (loss) from continuing operations	\$1,927	\$(892)	\$(2,723)	\$3,598
Income tax expense	990	(87)	1,729	1,080
Deferred income tax expense (recovery)	234	(495)	162	340
Finance costs				
Interest expense and income	153	116	661	256
Dividends on redeemable preferred shares	18	180	55	218
Unrealized foreign exchange gain	170	155	(15)	207
Accretion of contingent consideration (GPM)	-	-	-	221
Amortization				
Property and equipment	614	359	1,835	1,008
Intangible assets	160	159	478	1,043
Share-based compensation	304	(10)	1,236	20
Charges related to public company listing	-	-	5,316	-
Non-controlling interest	-	-	8	-
Charges related to RTO Transaction	15	-	622	-
Acquisition / restructure costs	-	49	-	442
Severance costs	660	172	1,244	262
Other	(229)	58	34	176
	\$3,089	\$656	\$13,365	\$5,273
Adjusted EBITDA	\$5,016	\$(236)	\$10,642	\$8,871

The Company's adjusted EBITDA was \$5.0 million and \$10.6 million for the three and nine months ending March 31, 2019, compared to (\$0.2 million) and \$8.9 million for the comparative periods of fiscal 2018, an increase of \$5.2 million and \$1.7 million, respectively. These increases were due to growth in the animation and factual divisions, offset partially by decreases in the scripted division as described elsewhere and an increase in costs related to the Company's public listing, such as investor relations, publicity, filing fees, legal and accounting costs. See "Non-IFRS Measures" section of this MD&A for the definition of Adjusted EBITDA.

Revenues

Revenue streams are summarized as follows:

(\$000's)	For the three months ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Production services	\$ 7,813	\$ 8,736	\$ 21,165	\$ 87,266
Distribution and licensing	14,036	3,306	26,617	43,213
Other	16	89	33	545
Total revenues	\$ 21,865	\$ 12,131	\$ 47,815	\$ 131,024

Total revenues increased 80% over the comparative three months and decreased 64% the comparative nine months.

Production services year-to-date revenue increased by 23% in animation production services (\$4 million) and decreased by 100% in live action production services (\$69.6 million). For the three months ended March 31, 2019, production services revenue increased by 35% in animation production services (\$2 million) and decreased by 100% in live action production services (\$2.8 million).

Thunderbird's animation division experienced continued growth which has resulted in an increase in animation production service volume and revenue in fiscal 2019. Live action production service work decreased by 100% in the first three quarters of 2019 due to the live action television series *Man in the High Castle* produced in Q1 through Q3 of fiscal 2018 that had relatively small profit margins. Subsequent to Q3 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 2019.

Licensing and distribution revenues decreased by 72% in scripted (\$21 million), and 21% in theatrical distribution (\$0.8 million) for the nine months period ended March 31, 2019. This was offset by increases of \$1.9 million in factual and \$3.4 million in animation. For the three months ended March 31, 2019, licensing and distribution revenues increased by \$5.8 million in scripted, \$0.7 million in animation and \$4.5 million in factual, offset by a decrease in theatrical distribution of \$0.3 million.

The decrease in scripted was primarily 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 (\$21 million) and direct costs (\$19.2 million) for the nine months ending March 31, 2019. The increase in animation was due to the recognition of a proprietary television series in Q1 through Q3 of 2019 that was not present in the comparable periods in fiscal 2018. Increases in scripted and factual revenues for the three months ending March 31, 2019 as compared to the three months ending March 31, 2018 were also due to adoption of IFRS 15, as described below.

- Effective July 1, 2018, the Company adopted and implemented IFRS 15, *Revenue from contracts with customers*, which established a new comprehensive framework on revenue recognition. Under IFRS 15, the Company has determined that licensing and distribution revenue should be recognized at the later of the start date of the license term and the satisfaction of the contractual performance obligations. Previously, licensing revenue was recognized at the earlier date of delivery when certain conditions were met. Consequently, a portion of the quarterly revenue increase over the comparative quarter in 2018 specifically related to the adoption of IFRS 15, which resulted in later recognition of revenue on continuing series, in both scripted and factual of \$6.5 million and \$2.8 million respectively.

Direct Costs

(\$000's)	For the three months ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Direct costs	\$ 4,873	\$ 7,090	\$ 13,297	\$ 81,795
Amortization of content	6,155	534	8,046	26,802
Amortization of intangible assets	160	159	478	1,043
Other	(251)	125	66	282
Total direct operating costs	\$ 10,937	\$ 7,908	\$ 21,887	\$ 109,922

Direct costs include costs directly related to the Company's productions, such as production expenses on service work, acquisition and recoupment costs for third party library product and fees paid to sales agents or sub distributors. Other includes development expenses on projects the Company has chosen to abandon and costs related to the Company's completed productions, such as royalties and residuals.

Direct costs for the three and nine months ended March 31, 2019 increased 38% and decreased 80%, respectively, over the comparative periods, consistent with the decrease in the Company's live action production service and change in timing of recognition of revenues and related amortization due to IFRS 15 as described above.

General and administrative

(\$000's)	For the three months ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Contractors, salaries and employee benefits	\$3,646	\$2,924	\$9,750	\$7,703
Rent	631	427	1,633	1,243
Amortization of property and equipment	614	359	1,835	1,008
Computer maintenance	500	273	1,308	652
Legal and professional fees	264	161	1,108	619
Other	497	299	1,442	978
Total general and administrative	\$6,152	\$4,443	\$17,076	\$12,203

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

General and administrative expenses increased 40% in Q3 2019 over the nine months comparative period and 38% over the three months comparative period. Salaries and contracting fees increased 25% and 27% over the three and nine months ended March 31, 2019 over the comparative periods, respectively, due to significant growth in the animation and factual divisions and expansion of US development. Rent increased by 31% over the comparable nine month prior period due to the increased requirement for space to accommodate the increase in animation capacity. Amortization of property and equipment increased by 82% in Q3 2019 over the comparative nine months 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 \$227 over the comparative third quarter of 2018, to \$500 and increased by \$656 over the comparative nine months of 2018. 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 \$1,108, up \$489 from the nine months ended March 31, 2019. The additional legal and professional fees incurred pertained to the second quarter reverse take-over and therefore \$622 of these fees have been added back to adjusted EBITDA. Other expenses also increased 48% over the comparative nine months 2018 period 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		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest, bank charges and dividends	\$221	\$320	\$1,038	\$541
Interest income	(50)	(23)	(322)	(66)
Accretion on contingent consideration	-	-	-	221
Realized foreign exchange gain	(302)	(106)	(470)	(74)
Unrealized foreign exchange (gain) loss	170	155	(15)	207
Total finance and other	\$ 39	\$346	\$231	\$829

Finance and other expenses include interest income and expenses and realized and unrealized foreign exchange gains and losses. Finance and other expenses decreased by 72% in Q3 2019 over the comparative nine months period. The decrease in finance and other costs was due mainly to the contingent consideration for the acquisition of Great Pacific Media being fully accreted in fiscal 2018 as well as an increase in foreign exchange gains due to a stronger US dollar at March 31, 2019 over the prior periods. This was offset by an increase in interest from both interim production financing from completed productions and the Company's \$6 million loan facility with RBC. Certain clients have longer payment terms resulting in an increase in interest costs from interim production financing. Interest from the Company's loan facility increased as the loan was initially drawn in July 2018 and was not present in the comparative period.

Finance and other costs decreased 89% for the three months ended March 31, 2019 over the three months ended March 31, 2018. The decrease is also due to increases in foreign exchange gains.

Dividends on preferred shares

As part of the RTO Transaction, 1,054,000 of TEI's Class B Series 2 preferred shares were converted to 1,054,000 Class A preferred shares of the Company. The Class A preferred shares receive a quarterly dividend of \$0.0175 per share, as did the former Class B Series 2 shares. Concurrent with the RTO Transaction, 9,658,750 Class C preferred shares previously issued by TEI were converted into common shares of the Company. Prior to the conversion into common shares, the Class C Preferred shares received a quarterly dividend of \$0.04 per share.

Dividends paid for the three and nine months ended March 31, 2019 and 2018 are as follows:

(\$000's)	For the three months ended		For the nine months ended	
	2019	March 31, 2018	2019	March 31, 2018
Class A (former Class B Series 2) Preferred Shares	\$ 18	\$ 180	\$ 55	\$ 218
Class C Preferred Shares	-	386	386	1,159
Total dividends paid	\$ 18	\$ 566	\$ 441	\$ 1,377

QUARTERLY FINANCIAL INFORMATION

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Revenues	\$21,865	\$11,589	\$14,361	\$ 11,378	\$ 12,131	\$ 52,171	\$ 66,722	\$ 25,582
Net income (loss) from continuing operations	\$1,927	\$(6,105)	\$ 1,454	\$ (237)	\$ (892)	\$ 710	\$ 3,780	\$(2,050)
Basic earnings (loss) per share	\$0.041	\$(0.194)	\$ 0.037	\$ (0.021)	\$ (0.043)	\$ 0.011	\$ 0.114	\$(0.084)
Diluted earnings (loss) per share	\$0.039	\$(0.194)	\$ 0.026	\$ (0.021)	\$ (0.043)	\$ 0.008	\$ 0.080	\$(0.084)

Note: this information was derived from unaudited interim condensed 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 March 31, 2019 the Company has a cash balance of \$17.8 million, as compared to cash of \$12.9 million at June 30, 2018. A cash flow summary for the nine months ended March 31, 2019 and 2018 is as follows:

(\$000's)	For the nine months ended March 31	
	2019	2018
Cash Inflows (Outflows) by Activity:		
Operating activities	\$ 708	\$ 1,028
Financing activities	4,305	(904)
Investing activities	(249)	(3,552)
Effect of exchange rate changes on cash	115	(142)
Net cash inflows (Outflows)	\$ 4,879	\$ (3,570)

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 \$4.3 million in the nine months ended March 31, 2019 as compared to using \$0.9 million in the comparative period. The significant fluctuations are due predominantly to timing of loan proceeds versus loan repayments as well as the proceeds from issuance of shares in private placement in the second quarter.

Cash flows from investing activities pertain to equipment purchases. During the nine months ended March 31, 2019, the Company purchased property and equipment, primarily computer equipment, totalling approximately \$2.6 million as compared to purchasing \$1.5 million in the comparative period.

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, subsequently amended January 11, 2019, with the Royal Bank of Canada ("RBC") which provides the Company access to funding over distinct credit facilities.

Facility 1, is a \$5 million revolving term loan for bridging production financing of productions being produced prior to closing of an applicable production facility. Facility 1 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. As at March 31, 2019, the Company had drawn down \$0.385 million.

Facility 2, 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 March 31, 2019, this facility had not been drawn upon.

Facility 3, 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 Q1 2019, the Company drew down \$6 million in order to repurchase 4,800,000 common shares from certain shareholders of the Company at a price of \$1.25 per share. As at March 31, 2019, \$4 million of the principal had been repaid, leaving \$2 million as the outstanding balance. In Q3 2019, the loan was renewed and the loan limit was decreased to \$2.6M due to the principal repayments made during the first two quarters of fiscal 2019.

Facility 4, is a \$1.5 million non-revolving reducing lease facility. This facility may be used to finance equipment purchases and leasehold improvements. As at March 31, 2019, this facility had not been drawn upon.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at March 31, 2019, the Company was in compliance with all of the covenants.

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 March 31, 2019:

(\$000's)	Within 1 year	1 to 5 years	More than 5 years	Total
Operating leases ⁽¹⁾	\$ 2,234	\$ 9,609	\$ 5,854	\$ 17,697
Equipment lease obligations ⁽²⁾	2,000	1,042	-	3,042
Redeemable preferred shares ⁽³⁾	-	1,054	-	1,054
Long-term debt ⁽⁴⁾	1,960	724	-	2,684
	\$ 6,194	\$ 12,429	\$ 5,854	\$ 24,477

(1) Pursuant to operating leases, see Note 19 (Commitments and Contingencies) to the unaudited interim condensed consolidated financial statements for the period ended March 31, 2019 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 (Redeemable Preferred Shares) and to the unaudited interim condensed consolidated financial statements for the period ended March 31, 2018 for details.
- (4) See Note 11 (Long-term Debt) to the unaudited interim condensed consolidated financial statements for the period ended March 31, 2019 for details.
- (5) Note: In addition to the totals above, the Company has interim production financing owing in the amount of \$41,961 (see Note 9 (Interim Production Financing) to the unaudited interim condensed consolidated financial statements for the period ended March 31, 2019 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, 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 March 31, 2019, three broadcaster/distributor individually accounted for more than 10% of trade and production financing receivables. Receivables from this broadcaster/distributor accounted for 36% of the total trade and financing receivables. The Company does not have an allowance for doubtful amounts as at March 31, 2019 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 annual 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 \$307 change to net loss for the nine months ended March 31, 2019 (2017 - \$360). The Company has no interest rate hedges or swaps outstanding at March 31, 2019.

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. For the period ended March 31, 2019, revenue denominated in US dollars accounted for 34% (March 31, 2018 - 5%) of total revenue and revenue denominated in GBP accounted for 7% (March 31, 2018 - nil) of total revenue. As at March 31, 2019, a 5% fluctuation in the US dollar exchange rate would have an impact of approximately \$646 (March 31, 2018 - \$213) on net loss and a 5% fluctuation in the GBP exchange rate would have an impact of approximately \$151 (March 31, 2018 - \$17) on net loss.

The Company is also exposed to foreign exchange risk on its cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and interim production financing that are denominated in US dollars. A 5% fluctuation in the US dollar closing rate would result in a change to net earnings for the period ended March 31, 2019 of approximately \$84 (June 30, 2018 - \$28).

TRANSACTIONS WITH RELATED PARTIES

For the three and nine month period ended March 31, 2019, dividends of \$2 and \$182, respectively (March 31, 2018 - \$184 and \$492) were paid to directors and key management personnel and companies owned by directors and key management personnel. Producer and consulting fees of \$124 and \$144, respectively (March 31, 2018 - \$nil and \$158) were paid to companies owned by directors and a president and revenue of nil and nil, respectively (March 31, 2018 - \$102 and \$377) was received from a company owned by a director and president. In relation to the RTO Transaction, a transaction fee of 188,777 common shares with a deemed value of \$378, was issued to a company owned by a director (March 31, 2018 - nil). At March 31, 2019, \$105 (March 31, 2018 - \$611) 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 period-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		For the nine months ended	
	2019	March 31, 2018	2019	March 31, 2018
Short-term benefits	\$ 855	\$ 586	\$ 2,315	\$ 1,799
Share based payments	142	(10)	652	20
Total	\$ 997	\$ 576	\$ 2,967	\$ 1,819

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 TEI's 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. 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 TEI's 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 July 1, 2018, the Company adopted IFRS 9 on a modified retrospective basis and as such, comparative figures have not been restated. 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

Under IAS 39 the Company classified its financial assets as "loans and receivables" and its financial liabilities as "other financial liabilities" and these financial instruments were measured at amortized cost except for future consideration liability which was measured at fair value. Under IFRS 9, the Company's financial assets and financial liabilities category of classification has been amended to "amortized cost" while the measurement basis remains the same.

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 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 July 1, 2018, the Company adopted IFRS 15. IFRS 15 which replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and some revenue related interpretations. The underlying principle is that an entity will recognize revenue when control of goods is transferred to, or a service is performed for, the customer at an amount the entity expects to be entitled to in exchange for those goods and services. The standard establishes a five-step model framework to assess the amount and timing of revenue recognized relative to the fulfilment of contractual performance obligations. The five steps are as follows: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue when (or as) each performance obligation is satisfied.

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 standard was recognized, and the financial information previously presented for the year ended June 30, 2018 has remained unchanged. The Company also elected to apply the practical expedient, as permitted by the standard, of applying IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application.

Revenue from Production Services: the Company enters into production services contracts with customers to provide services in the production of content, of which it does not own the intellectual property rights. The Company is responsible for delivering elements of the project in accordance with the production schedule provided in the contract. Under IAS 18, the Company's policy was the recognition of revenue from production services using the percentage-of-completion method, based on the proportion of actual costs incurred compared to the total expected costs. Under IFRS 15, the performance obligations were determined to be a series of distinct goods/services that are transferred to the customer and revenue is recognized over time, as per the pattern of transfer to the customer, based on the delivery of elements. The Company has concluded that the percentage-of-completion method is consistent with IFRS 15.

Revenue from Licensing of Content: The Company enters into broadcast license contracts to transfer licensed program rights for a fee for a specific term. Under IAS 18, the Company's policy was the recognition of licensing revenue at the start of the license term or earlier, if the program had been delivered and the broadcaster had access to the rights to air it. Under IFRS 15, the performance obligation was determined to be a distinct good/service transferred to the customer and revenue is recognized at a specific point in time when the customer has control of the program and has the license to air the program during the license term. The Company determined this to be the later of the start date of the license term and the satisfaction of the contractual delivery terms. Accordingly, the Company has changed its accounting policy to recognize revenue at the later of the start date of the license term and the satisfaction of the contractual delivery terms.

Revenue from Distribution: the Company enters into distribution contracts to transfer licensed film and television programs rights to customers for a fee for a specific term. The fee can be a fixed amount or a sales- or usage-based

royalty. Under IAS 18, the Company's policy for fixed transaction price agreements was the recognition of revenue at a point in time (at the start of the license term or earlier if the program had been delivered and the customer had access rights to air the program). For sales- or usage-based royalties, the Company's policy was to recognize revenue when it was received. Under IFRS 15, the performance obligation was determined to be a distinct good/service transferred to the customer and revenue is recognized at a specific point in time as the customer has control of the program and has the license to air the program during the license term. Accordingly, for fixed transaction price agreements, the Company has changed its accounting policy to recognize revenue at the later of the start date of the license term and the satisfaction of the contractual delivery terms. The Company continues to account for sales- or usage-based royalties when received.

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

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 nine months ended March 31, 2019			
	As Reported	Balances without Adoption of IFRS 15	Effect of Change
Revenue	\$ 47,815	\$ 44,512	\$ 3,303
Expenses			
Direct operating	21,887	21,707	180
Distribution and marketing	2,901	2,901	-
General and administrative	17,076	16,909	167
Share-based compensation	1,236	1,236	-
Finance costs, net	231	231	-
	43,331	42,984	347
Income (loss) before income taxes	4,484	1,528	2,956
Charge related to public company listing	5,316	5,316	-
Income tax expense (recovery)	1,891	1,152	739
Income (loss) from continuing operations	\$ (2,723)	\$ (4,940)	\$ 2,217

IFRS 2, Classification and Measurement of Share-based Payment Transactions

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 March 31, 2019, 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 and nine months ended March 31, 2019 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 May 28, 2019 the Company had the following common and preferred shares and stock options outstanding.

Common Shares	46,631,475
Preferred Shares – redeemable	1,054,000
Warrants	337,342
Stock Options	4,556,000

Directors and Officers as at March 31, 2019

Directors

Ivan Fecan	Executive Chair, Director
Tim Gamble	Vice Chair, Director
Jennifer Twiner McCarron	CEO, Director
Mark Miller	President, Director
Frank Giustra	Lead Director
Francesco Aquilini	Director
Brian Paes-Braga	Director
Frank Holmes	Director
Azim Jamal	Director
Paul Sparkes	Director

Officers

Jennifer Twiner McCarron	CEO, Director
Mark Miller	President, Director
Barb Harwood	CFO
Ivan Fecan	Executive Chair
Tim Gamble	Vice Chair
Cameron White	Corporate Secretary