RIWI CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months ended June 30, 2019 and 2018

(Expressed in United States Dollars)

(Unaudited)

RIWI CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of RIWI Corp. (the “Company”) have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment, and estimates in accordance with *International Financial Reporting Standards* for interim financial statements.

The Company’s independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity’s auditors.

RIWI CORP.
Condensed Interim Statement of Financial Position
As at June 30, 2019 and December 31, 2018
(Unaudited and Expressed in U.S. Dollars)

		June 30 2019		December 31, 2018
Assets				
Current assets				
Cash and cash equivalents	**$**	**2,071,178**	$	1,748,728
Accounts receivable (Note 4)		**333,324**		151,479
Unbilled revenue (Note 15)		**833,442**		580,507
Prepaid expenses and other current assets		**53,659**		56,283
Total current assets		**3,291,604**		2,536,997
Property and equipment (Note 5(a))		**24,916**		28,935
Right-of-use assets (Note 6)		**168,007**		-
Intangible assets (Note 5(b))		**78,534**		83,405
Total assets	**$**	**3,563,061**	$	2,649,337
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**108,447**	$	160,348
Current portion of lease obligations (Note 10)		**52,166**		2,910
Deferred revenue (Note 15)		**98,033**		24,236
		258,646		187,494
Non-current lease obligations (Note 10)		**131,245**		11,800
Total liabilities		**389,891**		199,294
Shareholders' equity				
Share capital (Note 7)	**$**	**4,682,970**	$	4,553,291
Contributed surplus		**2,009,605**		1,502,004
Accumulated deficit		**(3,519,404)**		(3,605,252)
Total shareholders' equity		**3,173,170**		2,450,043
Total liabilities and shareholders' equity	**$**	**3,563,061**	$	2,649,337

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board on August 14, 2019.

"Neil Seeman" (signed)
Neil Seeman
Chairman of the Board and
Chief Executive Officer

"Annette Cusworth" (signed)
Annette Cusworth
Chair of the Audit Committee

(The accompanying notes are an integral part of these condensed interim financial statements)

RIWI CORP.
Condensed Interim Statements of Income/(Loss) and Comprehensive Income/(Loss)
For the Three and Six Months ended June 30, 2019 and 2018
(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	**2019**	2018
Revenues	**$ 841,431**	$ 684,603	**$ 1,515,006**	$ 1,040,453
Expenses				
General and administrative (Note 11)	**934,020**	656,074	**1,302,233**	1,018,558
Sales and marketing	**11,079**	12,883	**19,853**	26,806
Technology costs	**55,619**	90,140	**122,681**	154,681
Total expenses	**1,000,718**	759,097	**1,444,767**	1,200,045
Earnings/(loss) before net interest income	**(159,287)**	(74,494)	**70,239**	(159,592)
Net interest income	**8,235**	6,366	**15,610**	10,896
Net income/(loss) and comprehensive income/(loss)	**$ (151,052)**	$ (68,128)	**$ 85,848**	$ (148,696)
Net income/(loss) per share				
Basic	**$ (0.01)**	$ (0.00)	**$ 0.00**	$ (0.01)
Fully diluted	**$ (0.01)**	$ (0.00)	**$ 0.00**	$ (0.01)
Weighted average number of common shares outstanding				
Basic	**17,610,193**	17,274,018	**17,543,891**	17,267,866
Fully diluted	**17,610,193**	17,274,018	**19,186,891**	17,267,866

(The accompanying notes are an integral part of these condensed interim financial statements)

RIWI CORP.
Condensed Interim Statements of Changes in Equity
For the Three and Six Months ended June 30, 2019 and 2018
(Unaudited and Expressed in U.S. Dollars)

	Share Capital		Contributed Surplus					
	Number of Shares	Amount	Share-based payment reserve	Warrants reserve	Other capital reserves	Total reserves	Accumulated Deficit	Total Equity
Balance, December 31, 2017	17,261,647	$ 4,415,556	$ 926,173	$ 240,842	$ 28,029	$ 1,195,043	$ (4,310,756)	$ 1,299,843
Adjustment to equity balance as at January 1, 2018 related to the change in accounting policy	-	-	-	-	-	-	317,395	317,395
Balance January 1, 2018	17,261,647	4,415,556	926,173	240,842	28,029	1,195,043	(3,993,361)	1,617,238
Share-based payment expense	-	-	359,423	-	-	359,423	-	359,423
Stock options exercised	15,635	8,756	(8,756)	-	-	(8,756)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(148,696)	(148,696)
Balance, June 30, 2018	17,277,282	$ 4,424,312	$ 1,276,840	$ 240,842	$ 28,029	$ 1,545,710	$ (3,824,662)	$ 2,145,360
Balance, December 31, 2018	17,475,742	4,553,291	1,204,706	269,269	28,029	1,502,004	(3,605,252)	2,450,043
Share-based payment expense	-	-	541,043	-	-	541,043	-	541,043
Stock options exercised	150,000	129,679	(33,442)	-	-	(33,442)	-	96,236
Net income and comprehensive income for the period	-	-	-	-	-	-	85,848	85,848
Balance, June 30, 2019	**17,625,742**	**$ 4,682,970**	**$ 1,712,307**	**$ 269,269**	**$ 28,029**	**$ 2,009,605**	**$ (3,519,404)**	**$ 3,173,170**

(The accompanying notes are an integral part of these condensed interim financial statements)

RIWI CORP.
Condensed Interim Statements of Cash Flows
For the Three and Six Months ended June 30, 2019 and 2018
(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	**2019**	2018
Operating activities				
Net income/(loss) for the period	**$ (151,052)**	$ (68,128)	**$ 85,848**	$ (148,696)
Non-operating net interest income	**(8,235)**	(6,366)	**(15,610)**	(10,896)
Items not involving cash:				
Amortization of property and equipment	**1,994**	747	**4,019**	962
Amortization of intangible assets	**2,398**	2,286	**4,871**	4,572
Amortization of right-of-use assets	**10,724**	-	**21,448**	-
Share-based payment expense	**538,392**	327,270	**541,043**	359,423
	394,221	255,809	**641,620**	205,365
Changes in non-cash operating working capital:				
Accounts receivable	**(70,988)**	210,717	**(181,845)**	93,346
Unbilled revenue	**(351,767)**	(243,269)	**(252,935)**	(243,269)
Prepaid expenses and other assets	**3,252**	12,853	**2,624**	18,383
Accounts payable and accrued liabilities	**10,314**	(17,469)	**(54,811)**	(35,570)
Deferred revenue	**70,582**	(105,918)	**73,797**	(309,600)
Adjustment to equity balance as at January 1, 2018 related to the change in accounting policy	**-**	-	**-**	305,806
Net cash generated by operating activities	**55,614**	112,723	**228,449**	34,461
Investing activities				
Term deposit redemption	**-**	7,971	**-**	7,971
Net interest income	**8,235**	6,366	**15,610**	10,896
Leasehold improvements	**-**	-	**-**	(27,318)
Purchase of property and equipment	**-**	(269)	**-**	(1,382)
Application for trademarks	**-**	(206)	**-**	(5,135)
Net cash provided/(used) by investing activities	**8,235**	13,862	**15,610**	(14,968)
Financing activities				
Lease obligation payments	**(36,205)**	-	**(51,288)**	-
Proceeds from exercise of stock options	**112,429**	-	**129,679**	-
Net cash provided by financing activities	**76,224**	-	**78,391**	-
Change in cash and cash equivalents	**140,074**	126,585	**322,450**	19,493
Cash and cash equivalents, beginning of the period	**1,931,104**	1,356,313	**1,748,728**	1,463,405
Cash and cash equivalents, end of the period	**$ 2,071,178**	$ 1,482,898	**$ 2,071,178**	$ 1,482,898

(The accompanying notes are an integral part of these condensed interim financial statements)

1. NATURE OF OPERATIONS

RIWI is a public company and its shares are all common shares listed on the Canadian Securities Exchange (CSE: RIW). The Company was originally incorporated under the laws of Canada pursuant to the *Canada Business Corporations Act* on August 17, 2009. The Company's head office is located at 180 Bloor Street West, Suite 1000, Toronto, Ontario, M5S 2V6 and RIWI's registered and records office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. The Company also maintains an office in Vancouver, BC.

RIWI is a global trend-tracking and prediction technology firm. Our patented, cloud-based software solutions provide a unique global digital intelligence platform to clients seeking real-time citizen sentiment data anywhere in the world in order to make faster, improved decision-making to grow their earnings, assess consumer behavior, and to monitor and reduce violent conflict. Our platform can be accessed by users within any large enterprise customer, offering our clients continuous, live data feeds and constantly updating analytics. RIWI's machine-learning properties provide real-time applied analytics, forecasts, and data aggregation for our customers seeking actionable business insights, eliminating the need for labour-intensive manual computations. The Company earns revenues through monthly, quarterly and annual subscriptions and long-term, multi-year agreements with clients in three business lines: Global Private Enterprise, Global Security, and Global Citizen Engagement.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the three months ended June 30, 2019, the Company had a net loss of $151,052 (2018 – $68,128) and net cash provided by operating activities of $55,614 (2018 – $112,723). For the six months ended June 30, 2019, the Company had net income of $85,848 (2018 – net loss of $148,696) and net cash provided by operating activities of $228,449 (2018 – $34,461). As at June 30, 2019, the Company had cash and cash equivalents of $2,071,178 (December 31, 2018 – $1,748,728) and an accumulated deficit of $3,519,404 (December 31, 2018 – $3,605,252). The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or to generate positive cash flows from operations. The Company has historically been able to fund operations through equity raises. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared in accordance with *International Financial Reporting Standards* ("IFRS") applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, Interim Financial Reporting and using the accounting policies consistent with those in the audited financial statements as at and for the year ended December 31, 2018. These unaudited condensed interim financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2018. Interim results are not necessarily indicative of the results expected for the fiscal year.

These financial statements were authorized for issuance by the Company's Board of Directors on August 14, 2019.

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts are as follows:

(i) Going concern

Prior to 2018, the Company incurred losses and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

(ii) Asset carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value of assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

(iii) Income taxes and recoverability of potential deferred income tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred income tax assets. The Company reassesses unrecognized income tax assets on an annual basis.

(iv) Measurement of share-based compensation and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance.

(Unaudited and Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new and amended accounting pronouncements

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value.

The Company adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening Statement of Financial Position on January 1, 2019.

On transition, the Company has opted to apply the following practical expedients:
(i) Used a single discount rate to the operating leases; and
(ii) Opted not to apply IFRS 16 to operating leases for which the lease term ends within 12 months of the date of initial application.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the Company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated amortization and impairment losses. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce an interest charge on the remaining balance of the lease obligations each month.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019, which was 6%. A minor adjustment was made to the lease obligation calculation from the disclosure in the March 31, 2019 financial statements.

As at		January 1, 2019
Operating lease obligations as at December 31, 2018	$	232,025
Discounted using the Company's incremental borrowing rate of 6%		203,610
Lease obligations as at January 1, 2019	$	203,610
Current portion of lease obligations		41,013
Non-current lease obligations		162,597
Lease obligations as at January 1, 2019	$	203,610

The right-of-use assets of $189,455 were measured at the amount equal to the lease obligations of $203,610, reduced by the prior period lease inducement of $14,155. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of trade receivables from clients. Please see Note 13(a) for aged trade receivable information.

(Unaudited and Expressed in U.S. Dollars)

5. NON-CURRENT ASSETS

(a) Property and Equipment

Property and equipment consist of computers and leasehold improvements. The Company amortizes its computers using the straight-line method over 24 months. The Company is amortizing the leasehold improvements over the remaining term of its office lease, which terminates on May 31, 2023.

2018	Computers	Leasehold Improvements	Total
Cost:			
December 31, 2017	$ 996	$ -	$ 996
Additions	1,381	27,318	28,699
June 30, 2018	2,377	27,318	29,695
Accumulated Amortization:			
December 31, 2017	(249)	-	(249)
Amortization	(508)	(455)	(963)
June 30, 2018	(757)	(455)	(1,212)
Carrying value:			
December 31, 2017	747	-	747
June 30, 2018	$ 1,620	$ 26,863	$ 28,483

2019	Computers	Leasehold Improvements	Total
Cost:			
December 31, 2018	$ 3,906	$ 31,496	$ 35,402
Additions	-	-	-
June 30, 2019	3,906	31,496	35,402
Accumulated Amortization:			
December 31, 2018	(1,607)	(4,860)	(6,467)
Amortization	(976)	(3,043)	(4,019)
June 30, 2019	(2,583)	(7,903)	(10,486)
Carrying value:			
December 31, 2018	2,299	26,636	28,935
June 30, 2019	$ 1,323	$ 23,593	$ 24,916

(Unaudited and Expressed in U.S. Dollars)

5. NON-CURRENT ASSETS (continued)

(b) Intangible Assets

Intangible assets consist of a patent, domain names, and trademarks.

The Company owns US Patent #8,069,078. This patent, which expires in 2027, relates to a method and Internet cloud-based architecture of obtaining a representative online polling sample or ad test globally. The Company has classified the patent as a finite life intangible asset and is amortizing it using the straight-line method over 20 years.

The Company filed a machine learning patent application in the United States Patent and Trademark Office on April 18, 2019. This application claimed priority from the U.S. Provisional Patent that RIWI previously filed on April 20, 2018. The title of the described invention is: "Systems and Methods for Optimizing Web Traffic Performance." The Company will begin amortizing the patent using the straight-line method over 20 years upon approval.

The Company purchased Internet domain names in 2017 which have strategic value for current intellectual property development. The Company has classified the domain names as a finite life intangible asset and is amortizing them using the straight-line method over 10 years.

In 2018, the Company applied for trademarks of the word mark "RIWI" in Canada, United States of America and the European Union. RIWI obtained the trademarks in the USA and the EU, and is currently waiting for the finalization of the Canadian trademark. The Company has classified the trademarks as finite life intangible assets. The Company began amortizing the USA and EU trademarks using the straight-line method over 10 years. Upon finalization of the Canadian trademark, the Company will amortize it using the straight-line method over 10 years.

2018	Patent	Domain Names	Trademarks	Total
Cost:				
December 31, 2017	$ 21,239	$ 80,810	$ -	$ 102,049
Additions	-	-	5,135	5,135
June 30, 2018	21,239	80,810	5,135	107,184
Accumulated Amortization:				
December 31, 2017	(4,320)	(3,703)	-	(8,023)
Amortization	(531)	(4,041)	-	(4,572)
June 30, 2018	(4,851)	(7,744)	-	(12,595)
Carrying value:				
December 31, 2017	16,919	77,107	-	94,026
June 30, 2018	$ 16,388	$ 73,066	$ 5,135	$ 94,589

2019	Patent	Domain Names	Trademarks	Total
Cost:				
December 31, 2018	$ 21,239	$ 80,810	$ 5,736	$ 107,785
Additions	-	-	-	-
June 30, 2019	21,239	80,810	5,736	107,785
Accumulated Amortization:				
December 31, 2018	(12,595)	(11,785)	-	(24,380)
Amortization	(531)	(4,041)	(300)	(4,871)
June 30, 2019	(13,126)	(15,826)	(300)	(29,251)
Carrying value:				
December 31, 2018	8,644	69,025	5,736	83,405
June 30, 2019	$ 8,113	$ 64,984	$ 5,436	$ 78,534

(Unaudited and Expressed in U.S. Dollars)

6. RIGHT-OF-USE ASSETS

The following table presents the right-of-use assets for the Company, which is comprised of the office lease for its head office.

2019	Right-of-use assets
Cost:	
December 31, 2018	$ -
Amount recognized on transition to IFRS 16	203,610
Adjustment for prior period lease inducement	(14,155)
January 1, 2019	189,455
Additions	-
June 30, 2019	189,455
Accumulated Amortization:	
December 31, 2018	-
Amount recognized on transition to IFRS 16	-
January 1, 2019	-
Amortization	(21,448)
June 30, 2019	(21,448)
Carrying value:	
December 31, 2018	-
June 30, 2019	$ 168,007

Amortization in the amount of $21,448 has been included under general and administrative expenses for the six months ended June 30, 2019.

7. SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

Issued: As at June 30, 2019, the Company had 17,625,742 common shares issued and outstanding (December 31, 2018 – 17,475,742) having a carrying value of $4,682,970 as at June 30, 2019 (December 31, 2018 – $4,553,291).

Net loss and comprehensive loss were $151,052 for the three months ended June 30, 2019 (June 30, 2018 – $68,128), and the basic net loss per share was $0.01 (June 30, 2018 – basic net loss per share $0.00).

Net income and comprehensive income were $85,848 for the six months ended June 30, 2019 (June 30, 2018 – net loss and comprehensive loss of $148,696), and the basic and fully diluted net income per share was $0.00 (June 30, 2018 – basic net loss per share $0.01).

The effect of the stock options and warrants at June 30, 2018 was anti-dilutive and the diluted loss per share for the three months ended June 30, 2018 was thus $0.00. The diluted loss per share for the six months ended June 30, 2018 was $0.01.

8. SHARE-BASED PAYMENTS

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire in aggregate up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

(Unaudited and Expressed in U.S. Dollars)

8. SHARE-BASED PAYMENTS (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted average exercise price (CAD)
Balance, December 31, 2017	1,779,602	$ 1.35
Granted	390,000	2.00
Exercised	(28,000)	0.86
Balance, June 30, 2018	2,141,602	$ 1.48
Balance, December 31, 2018	1,787,500	$ 1.66
Granted	370,000	3.25
Exercised	(150,000)	0.86
Balance, June 30, 2019	2,007,500	$ 2.01

In March 2019, 20,000 stock options were exercised in exchange for 20,000 common shares, and in April 2019, 130,000 stock options were exercised in exchange for 130,000 common shares.

On May 14, 2019, the Company granted an aggregate of 370,000 stock options to all directors other than the Chief Executive Officer. The stock options expire on May 14, 2024, and are exercisable at a price of CAD$3.25 per share. The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

The total fair value of the stock options granted during the three months ended June 30, 2019 was $537,524 (three months ended June 30, 2018 – $302,451).

	2019	2018
Risk-free interest rate	1.59%	2.19%
Expected life	2.5 years	2.5 - 3.0 years
Expected volatility	191%	99%
Forfeiture rate	10%	10%

For the three months ended June 30, 2019, the Company recorded share-based payment expense, with a corresponding credit to reserves of $538,392 (June 30, 2018 – $327,270). For the six months ended June 30, 2019, the Company recorded share-based payment expense, with a corresponding credit to reserves of $541,043 (June 30, 2018 – $359,423).

Additional information regarding stock options outstanding as at June 30, 2019 is as follows:

	Outstanding		Exercisable	
Range of exercise prices (CAD)	Number of shares	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price (CAD)
$ 0.86	445,000	1.0	445,000	$ 0.86
$ 2.00	590,000	3.7	590,000	$ 2.00
$ 2.01	120,000	3.2	120,000	$ 2.01
$ 2.04	200,000	3.0	200,000	$ 2.04
$ 2.14	232,500	2.0	232,500	$ 2.14
$ 2.51	50,000	1.7	50,000	$ 2.51
$ 3.25	370,000	4.9	370,000	$ 3.25
$ 2.01	2,007,500	2.9	2,007,500	$ 2.01

(Unaudited and Expressed in U.S. Dollars)

9. SHARE PURCHASE WARRANTS

	Number of Warrants	Weighted average exercise price (CAD)
Balance, December 31, 2017 and June 30, 2019	662,071	$ 3.48

As at June 30, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price (CAD)	Expiry date
656,571	$ 3.50	September 24, 2019
5,500	0.86	February 12, 2020
662,071		

On September 21, 2018, the Company announced that it extended the expiry date of 656,571 outstanding share purchase warrants which were issued as part of a non-brokered private placement completed by the Company on March 24, 2017. The share purchase warrants are exercisable for common shares of RIWI at a price of CAD $3.50 per share. The expiry date of the share purchase warrants was extended for a period of 12 months from September 24, 2018 to September 24, 2019. All other terms of the share purchase warrants remain the same.

10. LEASE OBLIGATIONS

The Company's head office currently shares space with a third-party firm. The total lease payments are $8,686 per month beginning on June 1, 2018, increasing to $8,789 per month on June 1, 2020. The Company is responsible for 50% of the monthly lease payments. The office lease expires on May 31, 2023.

As at	June 30, 2019	December 31, 2018
Current portion of lease obligations	$ 52,166	$ 2,910
Non-current lease obligations	131,245	11,800
Lease obligations	$ 183,411	$ 14,710

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	**2019**	2018
Amortization	**$ 16,429**	$ 3,032	**$ 30,338**	$ 5,535
Professonal and consulting fees	**15,066**	13,234	**29,491**	26,898
Salaries and benefits	**305,047**	257,637	**595,810**	511,091
Share-based payment expense	**538,392**	327,270	**541,043**	359,423
Rent and office expenses	**59,695**	48,107	**105,673**	97,724
Foreign exchange (gain)/loss	**(610)**	6,794	**(123)**	17,887
General and administrative	**$ 934,020**	$ 656,074	**$ 1,302,233**	$ 1,018,558

(Unaudited and Expressed in U.S. Dollars)

12. RELATED PARTY TRANSACTIONS

Related party transactions are comprised solely of compensation for the Company’s key management personnel.

(a) For the six months ended June 30, 2019, the Company recognized share-based payment expense of $538,392 (six months ended June 30, 2018 – $310,817) for stock options granted to directors and officers.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2019, the Company’s financial instruments are comprised of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature. These financial instruments are classified as at June 30, 2019 as follows:

- Cash and cash equivalents – amortized cost
- Accounts receivable – amortized cost
- Accounts payable and accrued liabilities – other financial liabilities

The evaluation of the financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at Fair Value Through the Statement of Profit or Loss.

The following is a discussion of the Company’s risk exposures:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s trade accounts receivable are due from customers and are subject to normal credit risk. The following table provides information regarding the aged trade receivables:

	Current	31-60 days	61-90 days	91 days +
June 30, 2019	70%	6%	17%	6%
December 31, 2018	70%	0%	26%	3%

At each period end, the Company reviews the collectability of outstanding receivables. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred. The Company has a $nil balance for allowance for doubtful accounts as at December 31, 2018, and June 30, 2019.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table identifies customers comprising 10% or more of the Company's revenue for the six months ended June 30, 2019 and June 30, 2018:

	June 30, 2019	June 30, 2018
Customer A	**26%**	7%
Customer B	**13%**	29%
Customer C	**10%**	0%

(b) 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 has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's financial liabilities consist of accounts payable and accrued liabilities and consist of invoices payable to trade suppliers for online advertising technology services, server hosting, general and administrative, and other expenses and are paid within one year.

The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings, if required.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

(i) *Interest rate risk*: The Company has cash balances and no interest-bearing debt, and is not exposed to any significant interest rate risk.

(ii) *Foreign currency risk:* The Company's activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in Canadian dollars (CAD$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at June 30, 2019, financial instruments were converted at a rate of US$1.00 to CAD$1.3087. Balances denominated in foreign currencies as at June 30, 2019 were as follows:

	In USD	In CAD
Cash and cash equivalents	$ 2,053,176	$ 23,637
Accounts Receivable	247,846	85,478
Accounts Payable	(5,118)	23,493

The estimated impact on net income for the three months ended June 30, 2019 with a +/- 10% change in Canadian Dollar exchange rate is approximately $15,000 (June 30, 2018 - $55,000).

(Unaudited and Expressed in U.S. Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Capital management

The Company's capital is defined to be shareholders' equity. The Company's objective in managing capital is to ensure it has adequate working capital to meet day to day needs and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Company manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Company is not subject to any externally imposed capital requirements.

14. SEGMENT REPORTING

The Company is required to disclose certain information regarding operating segments, products, services and geographic areas. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company operates as one reportable segment for 2019.

The approximate sales revenue based on geographic location of customers for the six months ended June 30, 2019 and 2018 is as follows:

	June 30, 2019	June 30, 2018
United States of America	**$ 801,011**	$ 521,746
Canada	**477,470**	136,893
Europe	**169,025**	327,313
Other	**67,500**	54,501
	$ 1,515,006	$ 1,040,453

15. REVENUE RECOGNITION

Effective January 1, 2018, the Company adopted IFRS 15, which introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when (or as) the entity satisfies a performance obligation.

Generally, billing occurs after revenue recognition, resulting in unbilled revenue until billing occurs. However, if the Company receives deposits from customers before revenue is recognized, the payments are recognized as deferred revenue. Deferred revenue is recognized as revenue when the Company performs under the contract.