



WONDERFILM

WONDERFILM MEDIA ISSUES LETTER TO SHAREHOLDERS

VANCOUVER, BC / ACCESSWIRE / December 13, 2018 / The Wonderfilm Media Corporation (TSX-V: WNDR), (OTC PINK: WDRFF), (FRA: 25Y), (“Wonderfilm” or “Company”), today announced that Chief Executive Officer, Kirk Shaw, has issued the following letter to shareholders.

Dear Wonderfilm Shareholders,

While the dust settles after announcing our significant acquisitions in recent weeks, I want to provide a corporate update to our investors as well as prospective investors, which will help provide clarity and understanding to the direction we are moving in.

As a publicly traded company, we are experiencing progress and change on many fronts as we look to be a trailblazer in the entertainment and media space, and it is imperative for us to be able to communicate our strategy to investors with complete transparency, so they can make an informed investment decision.

In the months ahead, Wonderfilm will incrementally unveil a coordinated strategy employing AI, advertisement, social media and fan interaction as we build a unique ecosystem able to monetize Wonderfilm content creation from initial concept to premier broadcast. The production budget slate for this original content is \$90 million USD. It normally takes around 12 months to complete this production process, and I have a track record of hitting 5% EBITDA on total production budgets.

Leading the Way to the New Economy

The moment my producing partners, Dan Grodnik, Jeff Bowler, Bret Saxon and I joined with the Westshire CPC team to create a public company, Wonderfilm was conceived to forge a pathway into the future delivery of media content. Traditionally, producers and our team relied on a tried and true film-financing model, little changed in 50 years. That model has stagnated as the process of developing, financing and monetizing movies and series broadened and transformed. Wonderfilm was very much conceived as a Company to pioneer a sea-change.

Content creation provides endless opportunities for its monetization, with Wonderfilm leapfrogging over other independent producers leading the industry-wide evolution from an old economy to the new economy, which is propelled largely from widespread global technological advancements.

Cutting-edge AI and Emerging Technology

When we first began raising money for the completion of the transaction with Westshire, many investors expressed their desire for some form of Cannabis or Blockchain venture integration. Although we always carry the opinions and ideas of investors at heart, we must always remain true to our core competencies that make us money today, and continually add value by building functions that make more money, tomorrow. We have an incredible window of opportunity in the entertainment and media space, and we are leaders in propelling this high growth area forward through integrating the emerging technologies that spurred the opportunity in the first place.

Therefore, for strategic reasons, we undertook a great deal of planning and due diligence to create a business model that incorporates various emerging technologies that strengthen our profits and intensify our relationship with our movie and TV lovers.

As such, the vision to join arms with an AI-based data analytics and social outreach platform such as Grapevine, along with customizable and interactive “new TV” broadcast channels that incorporate reward points to allow us to become a direct-to-customer model, was born.

Maximizing fan interaction and customization includes the ability to give their voice power in the content that we create and distribute. The most effective way to do this is through creating a Wonderfilm ecosystem that includes the use of our own inclusive points and rewards system to not only expand fan interaction and engagement but add another monetization stream for the Company.

This objective has a natural affinity to incorporate emerging communication services with big data & artificial intelligence, so they work in tandem to further monetize Wonderfilm produced content.

Launching Digital Streaming Channels

Building on its emerging technology strategy, Wonderfilm entered a partnership to launch a new digital (SVOD – ad supported) Wonderfilm Movie Channel. This channel launches into over 100 million US homes early next year through an existing system operated by a major online retailer.

The Movie Channel becomes both a new revenue stream and distribution outlet for current, past and future Wonderfilm produced content.

For the time being, aspects of this truly game-changing vertical integration step must remain sealed as our strategic partners prepare a press campaign for the first quarter of 2019.

Core Production Business Pushes Forward

As strategic growth broadens Wonderfilm's revenue opportunities, it also expands the core business as the recent acquisitions and initiatives are predicated on burnishing the monetization of Wonderfilm productions.

The 2018/19 slate of 17 films continues to be prepped and shot on schedule, with seven movies already in the can for delivery to distributors by the June 30th 2019 year-end. Four of the films going to camera have sensational lead cast that unfortunately can only be announced once each officially moves into production. Two are genre flicks with A-Listers who could garner award recognition.

As mentioned, these 17 films have \$90 million in combined production budgets that are "locked in". In active development behind these projects ("the pipeline") is a potential production slate that is significantly larger and growing very quickly. Not included in the \$90 million production or the pipeline behind it, are the additional 25 scripts and packages set to be delivered in the recent acquisition from Wol Productions. We will be able to provide further information on these packages once the acquisition has closed.

Celebrity names that we have extensive working relationships with include John Cusack, Nicolas Cage, John Travolta, Bruce Willis, Charlize Theron, among many others.

I would also like to update shareholders on Merchant of Death, the high-profile TV series based on a book, is now in active development with top tier industry partners for production a year down the road. It is anticipated that the first season will have 8 episodes and be distributed through Lionsgate. The total estimated production budget for the first season is \$40 million USD, and we anticipate that it will be delivered for premier broadcast in 2020.

As mentioned in the Merchant of Death news release, this TV adaptation "also marks the return of Anthony Zuiker as he joins his first new series since he created and produced CSI, which ran on CBS from October 6, 2000 to September 27, 2015 and spanned 15 seasons with multiple franchise additions".

Connecting the World

Partnering with third party distribution companies to sell its content around the world, Wonderfilm leaves about \$4 to \$5 million a year of potential revenue on the table. To incrementally bring this revenue onto our books, Wonderfilm is assembling a constellation of strategic foreign distribution partnerships in key countries.

Wonderfilm Korea is the first such agreement with financial/distribution partners in South Korea. Now, rather than sell the rights outside of the Company, once a Wonderfilm movie is ready for presale, the Korean territory is immediately acquired through our distribution partners in Seoul.

An immediate benefit is that Wonderfilm gains more upside from Korea than otherwise would have been possible and beyond production and distribution, Wonderfilm also has access to equity funds from Korea. The partnership secures additional investment funds from the Korean market by including Korean elements in a film such as actors, directors or even shooting part or all in South Korea.

Wonderfilm envisions a constellation of similar relationships expanding to include China, UK, Germany, Middle East, France and Spain. Fully realized, this worldwide distribution network streamlines the film packaging process, while eliminating third part distributors in these markets or in markets sharing the same language (excluding US and Canada) and converts forgone sales into a realized source.

Heard it Through the Grapevine

Wonderfilm acquired 34% of Grapevine Logic with an eye to acquiring additional equity in the future. To Wonderfilm, Grapevine complements the vertical integration of the Company by bringing under the Wonderfilm umbrella a potent transactional technology company with incredible established online influence and a developed proprietary technology that carves out a unique social media reach of 3.2 billion subscribers.

Grapevine as a technology and transactional company is positioned to be an easy to use ecosystem and social media activity centre for online content and becomes a source to enhance the fan experience of Wonderfilm produced movies and TV.

I view Grapevine as the essential web that drives the monetization of other Wonderfilm initiatives to generate never before obtainable interconnected revenue from each facet of Wonderfilm. As these links establish, revenue sources will naturally expand to include loyalty points and tokens to allow fans to invest into Wonderfilm productions. Online AI programmed App technology will directly engage Movie Channel viewers and online influences by building Wonderfilm controlled brands etc.

As each phase comes online, Wonderfilm will increasingly use social media engagement to expand the movie viewers' experience from passive to active participation. New levels of financial interaction with media content will be developed through emerging technology, likely surpassing crowd funding and product merchandizing as integration generates a full-time dialogue with Wonderfilm's growing followers.

Burnished by Wonderfilm's content creation, Grapevine too becomes positioned for rapid new growth. Social media primarily drives movie and entertainment marketing in general; a trend Wonderfilm has been utilizing by casting specific actors for roles in its film based on their social media ratings. In short, Wonderfilm now enters the star business, using our new social media access to promote celebrities (movies, sports, television) appearing in our films through Grapevine's current systems, including transactional technology that will significantly enhance Grapevine's business.

As much as AI technology will be used to engage viewers, it's also designed to build a lucrative database of subscribers that can be sold to advertisers or used by Wonderfilm to directly monetize App users and streaming channel subscribers.

Wonderfilm Does Sports

The partnership with Starbury Sports immediately enhances the Company's opportunities in the Sport world through cross-pollinating Sport icons, celebrities and athletes with Wonderfilm's movie Channel, production and expanding social media.

In the short term, Wonderfilm starts monetizing up and coming and established teams, players and celebs with guest spots or starring roles in Wonderfilm movies and TV series. Beyond direct benefits to production and social media, Wonderfilm's strategy encompasses the lucrative ancillary market, utilizing social media exposure to sell directly to fans, followers and viewers personalized sales and sponsored promotion of memorabilia, movie props, meet & greets and even broadcast of events.

Merging Sports into Wonderfilm brings a myriad of new transactional opportunities that will be realized over the next year and beyond.

Movies and Much More to Come

Wonderful business case studies for the first Movie Channel focused on launching with a themed Horror night of films and then adding in Science Fiction, Action Movie Night or potentially a Faith based evening. Additionally, Wonderfilm is strategically evaluating where, when and how best to expand its digital streaming service and retains the opportunity to expand the number of digital channels with plans advanced to launch a second channel themed for sports events, eSports championships, fights, online games and other sports assets being developed.

As conceived, the Movie Channel will be a unique offering with hosts driving daily content. And, as hinted above, a new interactive App will actively engage viewers to move the experience beyond watching the channel to an online experience that will continue to engage viewers between movie nights.

Fans will be able to vote, play trivia, and connect in many different ways with other movie goers to enrich their obsessions with movies and TV, and there can even be eventual interaction with their favourite celebrities or directors themselves. Fans can also use their accumulated points to participate in the creation of alternate movie endings, or, vote on the next sporting event or matchup. These concepts are revolutionary for the entire Entertainment and Media space.

Grapevine allows for the true marriage of online and streaming. Movie or Sports Channel viewers become App subscribers. Of course, too, Grapevine's 3.2 billion reach is a resource to sweep for fans to direct to the App and Movie or Sports Channel. Each interaction results in a data point that Grapevine is able to convert into intellectual property that becomes a valuable strategic asset for the company, as the entire entertainment and media space continues to see broad strokes of M&A activity, in search of consumer data.

At launch, the Movie Channel will reach just over 50 million homes in the US with advanced planning already in place to expand this to 100 million homes in short order. Within a few years, Wonderfilm expects to use its AI technology to communicate directly with digital house assistants to sell content directly through fans' smart TVs or tablets bypassing traditional distribution services like Netflix.

Revenues

Without guiding on forecasted revenues, I want to discuss the main drivers of growth and new efficiencies in light of our recent acquisitions.

Each division being added to the Wonderfilm eco-system brings in known revenues and assets that we have been able to quantify and prove out once we work them into our larger vision. To begin with Grapevine, although we are not able to discuss their internal projections, we can state that significant synergies exist through our partnership that we anticipate will have a material impact on both of our operations.

What we can offer is our expectation that Wonderfilm should have several benefits through this partnership that includes decreasing marketing expenses of our content, quicker execution of pre-selling, decreasing financing costs and increasing advertising, sponsorship and production revenues as we bring our production arm to Grapevine's team, who currently has ~4,700 corporate brands. The revenue that we participate in through Grapevine will also drive our efficiency metrics as it is a strong margin business.

Through the movie channels, Wonderfilm will be set to acquire 3rd party rights that we will immediately monetize upon launch of the channel through participating in the ad-revenues that will be boosted through our integration with Grapevine. As previously mentioned, having distribution arms being brought "in-house" through the new movie channel will drive our operational margin growth and decrease foregone earnings.

With regards to Starbury Media, more details on the financial impact will be provided in an operational update once the acquisition has closed, which we anticipate to occur in the near term.

Finally, I would like to introduce Dr. Bruno Wu to our shareholders, as he is an integral and powerful piece to our new company vision that we are all excited to work with.

Who is Dr. Bruno Wu?

Despite receiving tremendous assets and new revenue opportunities with global possibility, perhaps the strongest asset Wonderfilm gains in this transaction is access to Dr. Wu and his growth resources that stretch around the globe.

Dr. Bruno Wu is one of China's most influential people. He is a media and entertainment pioneer and has built China's largest private media conglomeration. Recently, he has been appointed the vice chairman for the US/China trade relations.

However, Dr. Wu has identified Wonderfilm as the production studio that he wants to partner with to bring global distribution to his events in China, while providing Wonderfilm with the 25 movie packages and many large sports assets to integrate into our core business, as well as dedicated access to his event management company Sun New Light (owned by Sun Media Group), which is one of the largest event management companies in China.

This company hosts the world's largest music festival that has over 840,000 paying attendees, and, organized the Olympic count down event that was televised during the 2010 Olympics in Vancouver.

Dr. Wu also has full access to iQiyi, one of the world's largest video platforms that has 500 million Active Monthly Viewers. As previously mentioned, Wonderfilm has distribution through over 50 million homes in the U.S. along with access to 3.2 billion followers through Grapevine.

On behalf of the entire Wonderfilm team, we appreciate your continued confidence and support as we move into an exciting time ahead.

Sincerely,
Kirk Shaw

Neither the TSX Venture Exchange Inc. ("Exchange") nor its regulation services provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this press release.

About Wonderfilm

Wonderfilm is a leading publicly traded entertainment company with offices in Beverly Hills, Vancouver, Canada and Seoul, South Korea. Wonderfilm's main business is the production of high- quality feature films and episodic television that offer international appeal through the Company's guiding philosophy of bringing new financing solutions to an entertainment industry increasingly looking for funding and co-production alternatives. Wonderfilm is a producer and distributor only for the projects disclosed. The legal ownership of movie productions are held in a special purpose legal entity held at arm's length to the Company to facilitate for the qualification of various levels of domestic and foreign government tax credit incentives that are customary in the film and production business.

Cautionary Statements

This press release contains forward-looking statements that are subject to substantial risks, uncertainties and assumptions. All statements other than statements of historical fact contained in this press release are forward-looking statements. These statements often include words such as "believe," "expect," "target," "anticipate," "forecast," "intend," "plan," "projects," "seek," "will," "may", "indicate" or similar expressions. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Wonderfilm's control and Wonderfilm's actual results could well differ materially from those stated or implied in forward-looking statements due to several factors.

Although Wonderfilm believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the events and circumstances reflected in the forward-looking statements will be achieved or occur. The timing of events and circumstances and actual results could differ materially from those projected in the forward-looking statements. Accordingly, one should not place undue reliance on forward-looking statements. All such reflect the date made only. Wonderfilm undertakes no obligation to update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For further details, please see the Company's documents filed on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Further Information

For further information, please contact:

Kirk Shaw

The Wonderfilm Media Corporation, Chief Executive Officer

Telephone: (604)638-4890

Email: info@wonderfilm.com

Prit Singh

Investor Relations

Telephone: (905)510-7636

Email: psingh@thesiscapital.ca

SOURCE: The Wonderfilm Media Corporation