

**NEW WAVE ESPORTS CORP.**  
(formerly Trueclaim Exploration Inc.)



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Nine Months Ended December 31, 2019**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instruments 51-102, Part 4, Subsection 4.3 (3)(a), if an auditor has not performed a review of the unaudited condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

**New Wave Esports Corp.**  
**(formerly Trueclaim Exploration Inc.)**  
Interim Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited)

As at	Note	December 31, 2019	March 31, 2019
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		644,662	263,443
Other receivables		31,257	-
Prepaid expenses		221,934	15,125
<b>TOTAL CURRENT ASSETS</b>		<b>897,853</b>	<b>278,568</b>
<b>Non-Current Assets</b>			
Equipment	6	3,449	4,451
Investments	7	2,408,783	946,847
<b>TOTAL ASSETS</b>		<b>3,310,085</b>	<b>1,229,866</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		363,179	203,757
Share subscription proceeds to be returned		10,010	10,010
Deferred revenue		189,854	43,370
<b>TOTAL LIABILITIES</b>		<b>563,043</b>	<b>257,137</b>
<b>Shareholders' equity</b>			
Share capital	8	7,312,306	1,524,687
Reserves		703,552	66,562
Deficit		(5,268,816)	(618,520)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,747,042</b>	<b>972,729</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,310,085</b>	<b>1,229,866</b>

Subsequent events (note 12)

**Approved on behalf of the Board of Directors:**

“Byron Coulthard”  
Director

“Trumbull Fisher”  
Director

*The accompanying notes are an integral part of these interim consolidated financial statements.*

**New Wave Esports Corp.**  
**(formerly Trueclaim Exploration Inc.)**  
Interim Consolidated Statement of Comprehensive Loss  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	Three months ended December 31, 2019	Nine months ended December 31, 2019	Period from inception on April 17, 2018 to December 31, 2018
		\$	\$	\$
<b>REVENUE</b>		28,371	52,027	-
<b>EXPENSES</b>				
Consulting		275,151	659,754	-
Depreciation		334	1,002	-
Foreign Exchange		149	2,698	-
Investor Relations and Marketing		497,674	860,641	-
Office		45,470	104,086	-
Professional		169,620	288,385	-
Regulatory		6,498	10,453	-
Share-based compensation		1,664,740	1,711,275	-
Travel		35,834	56,230	-
Wages	9	44,338	223,741	-
		(2,739,808)	(3,918,265)	-
<b>Net loss from operations before other item</b>		(2,711,437)	(3,866,238)	
<b>Other item:</b>				
Unrealized gain on investment	7	-	658,425	
Public listing expense		(1,442,483)	(1,442,483)	
<b>Net profit (loss) and comprehensive profit (loss) from operations</b>		(4,153,920)	(4,650,296)	
<b>Basic and diluted earnings (loss) per share</b>		(0.05)	(0.06)	-
<b>Weighted average number of common shares outstanding</b>				
<b>-basic and diluted</b>		80,275,427	80,275,427	-

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**New Wave Esports Corp.**  
**(formerly Trueclaim Exploration Inc.)**  
Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>Share Capital</b>				<b>TOTAL</b>
	<b>Number of shares</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Deficit</b>	
		\$	\$	\$	\$
<b>Balance as at April 17, 2018 (inception)</b>	-	-	-	-	-
<b>Balance, as at December 31, 2018</b>	-	-	-	-	-
Private placements	25,755,000	1,506,750	-	-	1,508,750
Finder's fees paid in cash	-	(42,600)	-	-	(42,600)
Broker warrants	-	(16,463)	16,463	-	-
Shares issued for acquisition of Thunderbolt Creative Digital Gaming Inc. (Note 5)	4,000,000	20,000	-	-	20,000
Shares issued for services	570,000	57,000	-	-	55,000
Warrants issued for services	-	-	50,099	-	50,099
Net loss for the period	-	-	-	(618,520)	(618,520)
<b>Balance as at March 31, 2019</b>	<b>30,325,000</b>	<b>1,524,687</b>	<b>66,562</b>	<b>(618,520)</b>	<b>972,729</b>
Private placements	18,473,666	2,429,050	-	-	2,429,050
Finder's fees – cash	-	(110,650)	-	-	(110,650)
Finder's fees - warrants	-	(31,070)	31,070	-	-
Share issuance costs	-	(16,245)	-	-	(16,245)
Stock-based compensation	-	-	605,920	-	605,920
Cancellation of pro-RTO New Wave shares	(48,848,666)	-	-	-	-
Establishment of post-RTO New Wave share	72,807,168	2,411,179	-	-	2,411,179
Shares issued for services – RTO	4,884,867	732,730	-	-	732,730
Shares issued for services	2,820,833	372,625	-	-	372,625
Net loss for the period	-	-	-	(4,650,296)	(4,650,296)
<b>Balance as at December 31, 2019</b>	<b>80,462,868</b>	<b>7,312,306</b>	<b>703,552</b>	<b>(1,114,896)</b>	<b>2,747,042</b>

*The accompanying notes are an integral part of these interim consolidated financial statements.*

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Interim Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

	Nine months ended December 31, 2019	Period from inception on April 17, 2018 to December 31, 2018
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(4,650,296)	-
Adjustment for non-cash items		
Public listing expense	1,442,483	-
Depreciation	1,002	-
Shares issued for services	1,105,355	-
Stock-option expense	605,920	-
Unrealized gain on investments	(658,425)	-
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	(171,124)	-
Other receivables	(31,257)	-
Deferred revenue	146,484	-
Prepaid expenses	(159,454)	-
<b>Net cash used in operating activities</b>	<b>(2,369,312)</b>	<b>-</b>
<b>Investing activities</b>		
Investment at fair value	(803,511)	-
<b>Net cash used in investing activities</b>	<b>(803,511)</b>	<b>-</b>
<b>Financing activities</b>		
Private placement proceeds	2,429,050	-
Finders' fees paid with cash	(110,650)	-
Share issuance costs	(16,245)	-
Cash acquired on RTO	1,251,887	-
<b>Net cash provided by financing activities</b>	<b>3,554,042</b>	<b>-</b>
<b>Change in cash during the period</b>	<b>381,219</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>263,443</b>	<b>-</b>
<b>Cash, end of period</b>	<b>664,662</b>	<b>-</b>

*The accompanying notes are an integral part of these interim consolidated financial statements.*

**New Wave Esports Corp.**  
**(formerly Trueclaim Exploration Ltd.)**  
Notes to the Interim Consolidated Financial Statements  
For the nine months ended December 31, 2019 and 2018  
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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

New Wave Esports Corp. (formerly Trueclaim Exploration Inc.) was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company's objective is to generate income and achieve long term capital appreciation through commercial gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion. The head office, principal address and records office of the Company are located at 401 - 217 Queen Street West Toronto, Ontario, M5V 0R2.

On October 24, 2019, the Company completed a "three cornered" amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with the company New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 (announced in the Company's June 18, 2019 news release) as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings Corp. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES.

These consolidated 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. As at December 31, 2019, the Company is not able to finance day to day activities through operations and has incurred a loss of \$4,650,296 for the period ended December 31, 2019. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of February 28, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2019 except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending March 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)**

**Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the respective subsidiaries cease. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
New Wave Holdings (BC) Corp.	B.C., Canada	Active	CDN Dollar
Thunderbolt Creative Digital Gaming Inc.	California, USA	Active	US Dollar

**Significant estimates and assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to the statement of financial position in future accounting periods include the recoverability and measurement of deferred tax assets, impairment of financial assets, and valuation of share-based payments. See Notes 6, 7 and 8 for assumptions/models used for these areas, respectively.

**Significant judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty.



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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Cash**

Cash is comprised of cash deposits in the bank and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Equipment**

Equipment is stated at cost less accumulated depreciation. The cost of an item of equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Equipment is depreciated over the estimated useful lives of the respective assets at the following rates:

Equipment	straight-line over 5 years
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Useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate. An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the asset may exceed its recoverable amount. To the extent that this occurs, the asset is written down to its estimated net realizable value.

**Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. The loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Impairment of Non-Financial Assets**

The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred. The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Thunderbolt Creative Digital Gaming Inc. is the US dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

**Revenue Recognition**

The Company recognizes revenue in accordance with IFRS 15 – Revenue from contracts with customers. This standard contains a single model with two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

The Company recognizes revenue when a contractual arrangement is in place, the fee is fixed and determinable, the services have been provided or the products have been delivered to the customer, and collectability is reasonably assured. Payments received in advance are recorded as deferred revenue and brought into revenue as earned.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income taxes**

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

*Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Instruments

The Company adopted IFRS 9 Financial Instruments at incorporation on April 17, 2018. IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the previous requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in other comprehensive income. Following is the new accounting policy for financial instruments under IFRS 9:

#### Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income (“FVTOCI”) or measured at fair value through profit or loss (“FVTPL”).

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company’s business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial

asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company’s investments at fair value are FVTPL financial instruments.

(iii) Financial assets measured at FVTOCI

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial instruments** (continued)

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

**Financial liabilities**

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company’s accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial liabilities** (continued)

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**New accounting standards adopted**

New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The Company adopted IFRS 16 effective April 1, 2019 with no impact to its consolidated financial statements.

**Accounting standard issued but *not* yet applied**

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

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#### **4. REVERSE TAKEOVER**

On October 24, 2019, the Company completed a “three cornered” amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with the company New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 (announced in the Company’s June 18, 2019 news release) as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings Corp.

New Wave Holdings (BC) Corp. is considered to have acquired the Company, with the Transaction being accounted for as a reverse takeover of the Company by New Wave Holdings (BC) Corp. in accordance with the guidance provided in IFRS2, Share-based Payments and IFRS 3, Business Combinations. Accordingly, the financial statements represent a continuation of New Wave Holdings (BC) Corp., with the exception that all figures as to the number of common shares, as well as loss per share in these consolidated financial statements reflect the legal capital of the Company at the exchange ratio in the acquisition.

The acquisition constitutes an asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, Business Combinations.

As a result of this asset acquisition, a listing expense of \$1,442,483 has been recorded. This reflects the difference between the estimated fair value of New Wave Holdings (BC) Corp. shares deemed to have been issued to the Company’s shareholders less the fair value of the assets of the Company acquired.

<b>Purchase price</b>	<b>\$</b>
Fair value of shares issued	2,411,179
<b>Total purchase price</b>	<b>2,411,179</b>
<b>Allocation of Purchase Price</b>	
Cash	1,251,887
Amounts receivable	28,293
Accounts payable	(311,384)
<b>Net assets acquired</b>	<b>968,696</b>
<b>Public listing expense</b>	<b>1,442,483</b>

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**5. ACQUISITION OF THUNDERBOLT CREATIVE DIGITAL GAMING INC.**

On January 30, 2019, the Company acquired a 100% interest in Thunderbolt Creative Digital Gaming Inc. (“Thunderbolt”), a private corporation incorporated under the laws of the State of California, through a share purchase agreement. As consideration for this acquisition, the Company issued 4,000,000 common shares to the shareholders of Thunderbolt at a deemed price of \$0.005 per share for a deemed aggregate value of \$20,000.

The acquisition of Thunderbolt was determined to be outside the scope of IFRS 3 since prior to the acquisition, Thunderbolt did not constitute a business. The transaction was accounted for in accordance with IFRS 2 – Share-based payments, whereby the Company was deemed to have issued common shares to the shareholders of Thunderbolt in exchange for the net assets of Thunderbolt.

The allocation of the purchase price is as follows:

<b>Total Purchase Price:</b>	
4,000,000 common shares at \$0.005 per share	\$ 20,000
<hr/>	
<b>Allocation of purchase price</b>	<b>January 30, 2019</b>
Net Assets of Thunderbolt	\$ -
Transaction costs	20,000
	<b>\$ 20,000</b>

**6. EQUIPMENT**

	Cost	Computer equipment	Accumulated amortization	Computer Equipment	Carrying amounts	Computer Equipment
	\$			\$		\$
Opening balance	-		Opening balance	-	Opening balance	-
Additions	4,451		Depreciation	-		4,451
Balance, March 31, 2019	4,451		Balance, March 31, 2019	-	Balance, March 31, 2019	4,451
Additions	-		Depreciation	1,002		(1,002)
Balance, December 31, 2019	4,451		Balance, December 31, 2019	1,002	Balance, December 31, 2019	3,449



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**7. INVESTMENTS**

The Company has the following investments as at December 31, 2019:

	Number of Shares/Units Held	Fair Value at March 31, 2019	Additional Investment	Fair market value Adjustments	Fair Value at December 31, 2019
<b>Equities of private esport companies:</b>					
Even Matchup Gaming Inc.	180	250,000	-	-	250,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,000,000	400,000	50,000	600,000	1,050,000
Avatar One E-Sports	7,500,000	150,000	-	-	150,000
Talon Esports Ltd.	681,818	405,000	-	-	405,000
<b>Stock options held:</b>					
Tiidal Gaming Group Inc.	250,000	46,018		58,425	104,443
Talon Esports Ltd.	681,818	198,511			198,511
<b>Balance</b>		<b>1,700,358</b>	<b>50,000</b>	<b>658,425</b>	<b>2,408,783</b>

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares. The Company purchased the remaining issued and outstanding shares of EMG on February 10, 2020 (Note 12).
- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the common share investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value based on its recent financing of \$0.50 per common share.

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**7. INVESTMENTS (continued)**

On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.20 and an expected average life of 5 years. The fair value of the options investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value in light of the recent \$0.50 per common share closed private placement, and revised remaining term of the options. During the period ended December 31, 2019, the Company exercised 250,000 stock options for an additional \$50,000 investment into Tiidal Gaming Inc.

- iv. On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. (“Avatar”) at \$0.02 each for a total subscription price of \$150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of \$0.02 for five years. The fair value of the investment into Avatar. is currently reflected as the initial cash purchase price of its common shares and attached warrants.
- v. On December 3, 2019 the Company purchased 681,818 common shares of Talon Esports Ltd. at a price of USD \$0.44 USD per share for an aggregate investment of USD \$300,000 which represents approximately 6.5% of Talon Esports Ltd. Concurrently, the Company entered into an advisory agreement with Talon Esports Ltd., to provide strategic advisory services. The Company received 681,818 stock options with an exercise price of \$0.44 USD expiring May 13, 2021. The options received have an estimated fair market value of \$198,511 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.44, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.44 and an expected average life of 1.5 years.

**8. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of common shares without par value, special rights or restrictions attached.

**Issued share capital for the period ended December 31, 2019**

On October 24, 2019, as a result of the reverse take-over, the Company exchanged 48,848,666 common shares to the shareholders of New Wave Holdings (BC) Corp., consolidated it’s share capital on a basis of one to one and half shares resulting in 23,958,501 shares post-consolidated shares, and issued 4,884,866 common shares to certain consultants of the reverse take-over transaction resulting in aggregate shares issued of 77,692,033.

During the period ended December 31, 2019, the Company issued, in aggregate, 2,770,833 to certain directors, officers and consultants of the Company, and in addition to the 4,884,866 common shares issued to consultants of the reverse take over transaction, recognized share-based compensation expense of \$1,100,355.

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**8. SHARE CAPITAL** (continued)

On October 24, 2019 and October 31, 2019, the Company issued, in aggregate 7,750,000 restricted share units to certain officers, directors and consultants of the Company. The restricted share units are released in equal quarters with the first release on the date of grant, and then every four months. The release of these shares are measured at fair market value on the date of release, and is included in share-based compensation expense.

**Issued share capital for the period ended October 24, 2019 for New Wave Holdings (BC) Corp.**

On April 17, 2019, the Company closed a private placement through the issuance of 6,840,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 50,000 Units to a consultant of the Company at a deemed price of \$0.10 per Unit.

On May 29, 2019, the Company closed a private placement through the issuance of 11,633,666 Units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.30 per share.

**Issued share capital from April 17, 2018 (inception) to March 31, 2019 for New Wave Holdings (BC) Corp.**

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 11,250,000 common shares at a price of \$0.005 per share for gross proceeds of \$56,250.

On January 30, 2019, the Company purchased 100% of the common shares of Thunderbolt Creative Digital Gaming Inc. through the issuance of 4,000,000 common shares of the Company at a price of \$0.005 per share for aggregate purchase value of \$20,000.

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 6,730,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$673,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 8, 2019, the Company issued 300,000 Units under the same terms as the concurrent closing of its first tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$30,000 which is the fair value of the services received.

On February 15, 2019, the Company closed the second tranche of its private placement through the issuance of 4,475,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$447,500. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 15, 2019, the Company issued 270,000 Units under the same terms as the concurrent closing of its second tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$27,000 which is the fair value of the services received.

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**8. SHARE CAPITAL** (continued)

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 3,300,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

**Share Purchase Warrants**

The continuity of the Company's outstanding warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Opening balance</b>	-	\$ -
Issued to former New Wave Holdings (BC) Corp. shareholders	17,001,000	0.18
<b>Balance, March 31, 2019</b>	<b>17,001,000</b>	<b>\$ 0.18</b>
Issued to former New Wave Holdings (BC) Corp. shareholders	19,506,666	0.26
Issued	21,737,866	0.18
<b>Balance, December 31, 2019</b>	<b>58,245,532</b>	<b>\$ 0.21</b>

As at December 31, 2019, the weighted average remaining contractual life of share purchase warrants outstanding was 2.13 years and the weighted average exercise price was \$0.21.

Warrants outstanding as at December 31, 2019 are as follows:

Exercise price	Expiry date	Number of Warrants
\$ 0.20	February 8, 2021	7,194,000
\$ 0.20	February 15, 2021	4,903,000
\$ 0.20	February 22, 2021	3,404,000
\$ 0.02	March 6, 2024	1,000,000
\$ 0.02	March 19, 2024	500,000
\$ 0.20	April 17, 2021	7,222,000
\$ 0.30	May 29, 2021	12,284,666
\$ 0.18	May 23, 2023	21,737,866
	TOTAL	58,245,532

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**8. SHARE CAPITAL** (continued)

**Warrants issued for the period ended December 31, 2019 to former shareholders of New Wave Holdings (BC) Corp.**

On April 17, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 332,000 broker warrants as a finder's fee. The fair value of the 332,000 broker warrants was estimated at \$12,603, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 103% (average based on comparable companies), risk-free interest rate - 1.67%, exercise price of \$0.20 and an expected average life of 2 years.

On May 29, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 651,000 broker warrants as a finder's fee. The fair value of the 651,000 broker warrants was estimated at \$18,467, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 102% (average based on comparable companies), risk-free interest rate - 1.54%, exercise price of \$0.30 and an expected average life of 2 years.

**Warrants issued for the period from April 17, 2018 (inception) to March 31, 2019 to former shareholders of New Wave Holdings (BC) Corp.**

On February 8, 2019, and concurrent to the warrants issued with the Units of the first tranche private placement, the Company issued 164,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 164,000 broker warrants was estimated at \$6,339, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On February 15, 2019, and concurrent to the warrants issued with the Units of the second tranche private placement, the Company issued 158,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 158,000 broker warrants was estimated at \$6,103, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On February 22, 2019, and concurrent to the warrants issued with the Units of the third tranche private placement, the Company issued 104,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 104,000 broker warrants was estimated at \$4,021, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On March 6, 2019, 1,000,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 1,000,000 warrants was estimated at \$96,700, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 155% (average based on comparable companies), risk-free interest rate - 1.70%, exercise price of \$0.02 and an expected average life of 5 years. 25% of the warrants vest immediately, 25% on March 6, 2020, and 50% on March 6, 2021.

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**8. SHARE CAPITAL** (continued)

On March 20, 2019, 500,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 500,000 warrants was estimated at \$48,306, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 154% (average based on comparable companies), risk-free interest rate – 1.58%, exercise price of \$0.02 and an expected average life of 5 years. 50% of the warrants vest on March 20, 2020, and the remaining 50% vest upon signing of a definitive agreement relating to an RTO.

**Stock Options**

On October 24, 2019, 7,400,000 options were issued to a directors, officers, and consultants of the Company. The options are exercisable at \$0.15 per share for five years from date of grant. The fair value of the options was estimated at \$1,027,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.15, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$0.15 and an expected average life of 5 years. 25% of the warrants vest immediately with three additional equal vesting across four month increments.

On November 8, 2019, 200,000 options were issued to a director of the Company. The options are exercisable at \$0.11 per share for five years from date of grant. The fair value of the options was estimated at \$17,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.11, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$0.11 and an expected average life of 5 years.

**9. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with key management and directors

The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	<b>For the nine months ended to December 31, 2019</b>	<b>April 17, 2018 to December 31, 2018</b>
	\$	\$
Consulting fees	<b>306,718</b>	-
Share-based compensation	<b>406,422</b>	-
Wages	<b>223,741</b>	-

**Related parties balance**

As at December 31, 2019, the Company had amounts due to a company controlled by the President in the amount of \$Nil (March 31, 2019 - \$8,475).

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**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at December 31, 2019:

	<b>December 31, 2019</b>
	\$
<b>Fair value through profit or loss</b>	
Investment at fair value (note 7)	<b>2,408,783</b>
<b>Amortized cost</b>	
Cash	<b>644,662</b>
Accounts payable and accrued liabilities	<b>363,179</b>

**Fair value measurement**

As at December 31, 2019, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investment at fair value, and account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

<b>December 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	2,408,783

  

<b>March 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	946,847

**Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

*Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

*Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

*Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended December 31, 2019.

*Fair Value*

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.



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**11. SEGMENTED INFORMATION**

The Company operates in one business segment: Esports investment.

Geographic information with respect to the Company's assets is as follows:

	December 31, 2019	March 31, 2019
	\$	\$
Canada	3,291,679	1,171,250
United States	18,406	58,616
<b>Total assets</b>	<b>3,310,085</b>	<b>1,229,866</b>

Geographic information with respect to the Company's liabilities is as follows:

	December 31, 2019	March 31, 2019
	\$	\$
Canada	563,043	257,137
United States	-	-
<b>Total liabilities</b>	<b>563,043</b>	<b>257,137</b>

Geographic information with respect to the Company's net loss is as follows:

	For nine months ended December 31, 2019	April 17, 2018 (date of incorporation) to September 30, 2018
	\$	\$
Canada	4,333,377	-
United States	316,919	-
<b>New loss for the year</b>	<b>4,650,296</b>	<b>-</b>

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## 12. SUBSEQUENT EVENTS

### Non-Binding Letter of Intent with Activate Entertainment LLC

On January 28, 2020, the Company entered into non-binding letter of intent with Activate Entertainment LLC (“Activate”) to acquire 100% interest in Activate for an aggregate purchase price of USD \$1,000,000. The proposed acquisition is subject to the Company and Activate negotiating and executing definitive documentation, the satisfactory completion of due diligence and the receipt of all other necessary consents and approvals, among other conditions that are typical for a transaction of this nature.

### Acquisition of Even Matchup Gaming Inc.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for \$1,230,000 comprising \$550,000 cash and 7,555,555 common shares of the Company. The cash consideration is payable in tranches, with \$350,000 paid on February 7, 2020 and the remainder to be paid in installments over the six months following February 7, 2020. A portion of the 7,555,555 common shares issued is subject to a contractual lock up and will be released to the vendors of EMG in installments over twelve months following the closing of the acquisition.

### Option Grants

On February 10, 2020, 200,000 options were issued to a director of the Company. The options are exercisable at \$0.11 per share for five years from date of grant. The fair value of the options was estimated at \$13,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.07, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$0.07 and an expected average life of 5 years.

On February 24, 2020, 100,000 options were issued to the incoming Chief Financial Officer of the Company. The options are exercisable at \$0.06 per share for five years from date of grant. The fair value of the options was estimated at \$4,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.05, expected volatility - 155% (average based on comparable companies), risk-free interest rate – 1.5399%, exercise price of \$0.06 and an expected average life of 5 years.

### Convertible Debenture

On February 14, 2020, the Company closed its first tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of \$555,555 for gross proceeds of \$500,000 reflecting a 10% discount of the principal amount. The convertible debentures are convertible to common shares at conversion price of \$0.10 per share and will mature two years from the date of issuance. If the convertible debenture remains outstanding on the one year anniversary of the maturity date, the principal amount will increase by 10%. The convertible debentures will not bear interest until the maturity date, after which if the principal amount remains unpaid, the convertible debentures will bear an interest rate of 22% per annum. Concurrent to the issuance of the convertible debentures, the Company issued 5,555,556 share purchase warrants exercisable at \$0.15 per share expiring two years from the date of issuance.

On February 24, 2020, the Company closed its second and final tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of \$111,111 for gross proceeds of \$100,000 reflecting a 10% discount of the principal amount. This issuance has the same terms as the first tranche closing on February 14, 2020. Concurrent to the second tranche closing, the Company issued 1,111,112 share purchase warrants exercisable at \$0.15 per share expiring two years from the date of issuance.