NEW WAVE HOLDINGS CORP.

(formerly Trueclaim Exploration Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2020 and

the Period from April 17, 2018 (Inception) to March 31, 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

New Wave Holdings Corp. (formerly Trueclaim Exploration Inc.)

Opinion

We have audited the consolidated financial statements of New Wave Holdings Corp. (formerly Trueclaim Exploration Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2020 and the period from inception on April 17, 2018 to March 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial positions of the Company as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $5,849,467 for the year ended March 31, 2020 and generated negative cash flows from operating activities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Kwan.

Vancouver, Canada *"Morgan & Company LLP"*

July 29, 2020 Chartered Professional Accountants

MORGAN & COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

New Wave Holdings Corp.
(formerly Trueclaim Exploration Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**March 31, 2020**	March 31, 2019
		$	$
ASSETS			
Current Assets			
Cash		**541,256**	263,443
Short-term investments		**10,000**	-
Other receivables		**100,234**	-
Prepaid expenses		**91,738**	15,125
TOTAL CURRENT ASSETS		**743,228**	278,568
Non-Current Assets			
Equipment	6	**3,115**	4,451
Investments	7	**3,629,340**	946,847
Right of use asset	11	**37,557**	-
TOTAL ASSETS		**4,413,240**	1,229,866
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**1,011,434**	203,757
Lease liability – Current	11	**31,293**	-
Share subscription proceeds to be returned		**10,010**	10,010
Deferred revenue		**155,766**	43,370
TOTAL CURRENT LIABILITIES		**1,208,503**	257,137
Non-Current Liabilities			
Convertible debentures	8	**495,412**	-
Lease liability – Non-current	11	**8,737**	-
TOTAL LIABILITIES		**1,712,652**	257,137
Shareholders' equity			
Share capital	9	**8,095,493**	1,524,687
Reserves		**957,380**	66,562
Equity portion of convertible debentures	8	**115,702**	-
Deficit		**(6,467,987)**	(618,520)
TOTAL SHAREHOLDERS' EQUITY		**2,700,588**	972,729
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,413,240**	1,229,866

Subsequent events (Note 16)

Approved on behalf of the Board of Directors:

"Byron Coulthard"	*"Trumbull Fisher"*
Director	Director

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

New Wave Holdings Corp.
(formerly Trueclaim Exploration Inc.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	**Year ended March 31, 2020**	Period from inception on April 17, 2018 to March 31, 2019
		$	$
REVENUE		**86,115**	2,648
EXPENSES			
Accretion interest	8	**18,053**	-
Consulting		**947,979**	312,288
Depreciation		**23,870**	-
Foreign Exchange		**(9,848)**	650
Investor Relations and Marketing		**934,480**	118,650
Office		**100,016**	8,854
Professional		**651,323**	82,906
Regulatory		**18,997**	-
Share-based compensation		**1,378,379**	-
Travel		**59,899**	14,603
Wages	10	**286,203**	63,217
		(4,409,351)	(601,168)
Net loss from operations before other items		**(4,323,236)**	(598,250)
Other items:			
Transaction costs	**5**	**-**	(20,000)
Unrealized gain on investments	**7**	**648,982**	-
Listing expense	**4**	**(2,175,213)**	-
Net loss and comprehensive loss for the period		**(5,849,467)**	(618,520)
Basic and diluted loss per share		**(0.28)**	(0.37)
Weighted average number of common shares outstanding -basic and diluted		**20,577,730**	1,670,903

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

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

	Share Capital					
	Number of shares	**Share capital**	**Reserves**	**Equity portion of Convertible Debentures**	**Deficit**	**TOTAL**
		$	$	$	$	$
Balance as at April 17, 2018 (inception)	-	-	-	-	-	-
Private placements	8,585,000	1,506,750	-	-	-	1,506,750
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)	1,333,333	20,000	-	-	-	20,000
Shares issued for services	190,000	57,000	-	-	-	57,000
Warrants issued for services	-	-	50,099	-	-	50,099
Net loss for the period	-	-	-	-	(618,520)	(618,520)
Balance as at March 31, 2019	**10,108,333**	**1,524,687**	**66,562**	-	**(618,520)**	**972,729**
Private placements	6,174,555	2,438,010	-	-	-	2,438,010
Finder's fees – cash	-	(130,850)	-	-	-	(130,850)
Finder's fees - warrants	-	(31,074)	31,074	-	-	-
Equity component of convertible debentures	-	-	-	115,702	-	115,702
Share-based compensation	-	-	902,566	-	-	902,566
Cancellation of pre-RTO New Wave shares	(15,972,335)	-	-	-	-	-
Establishment of post-RTO New Wave shares	23,958,502	2,411,178	(42,822)	-	-	2,368,356
Shares issued for services – RTO	1,628,289	732,730	-	-	-	732,730
Shares issued for services	1,619,445	470,812	-	-	-	470,812
Shares issued for acquisition of EMG	2,518,519	680,000	-	-	-	680,000
Net loss for the year	-	-	-	-	(5,849,467)	(5,849,467)
Balance as at March 31, 2020	**30,035,308**	**8,095,493**	**957,380**	**115,702**	**(6,467,987)**	**2,700,588**

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

New Wave Holdings Corp.
(Formerly Trueclaim Exploration Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended March 31, 2020	Period from inception on April 17, 2018 to March 31, 2019
	$	$
Operating activities		
Net loss for the period	**(5,849,467)**	(618,520)
Adjustment for non-cash items		
Listing expense	**2,175,213**	-
Transaction costs	**100,258**	20,000
Depreciation	**23,870**	-
Share-based compensation	**1,378,379**	57,000
Warrants issued for services	-	50,099
Equity compensation received	**(198,511)**	(46,018)
Unrealized gain on investments	**(648,982)**	-
Accretion interest	**11,114**	-
Elimination of reserves upon RTO	**(42,822)**	-
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	**602,675**	203,757
Other receivables	**(100,234)**	-
Deferred revenue	**112,396**	43,370
Prepaid expenses	**(56,613)**	(15,125)
Net cash used in operating activities	**(2,492,724)**	(305,437)
Investing activities		
Purchase of equipment	-	(4,451)
Purchase of short-term investments	**(10,000)**	-
Purchase of long-term investments	**(955,000)**	(900,829)
Net cash used in investing activities	**(965,000)**	(905,280)
Financing activities		
Private placement proceeds	**2,438,010**	1,506,750
Finders' fees paid with cash	**(130,850)**	(42,600)
Lease liability payments	**(20,061)**	-
Share subscription to be returned	-	10,010
Net cash acquired on RTO	**968,696**	-
Convertible debt proceeds net of transaction costs	**479,742**	
Net cash provided by financing activities	**3,735,537**	1,474,160
Change in cash during the period	**277,813**	263,443
Cash, beginning of period	**263,443**	-
Cash, end of period	**541,256**	263,443

See Note 15 for additional cash flow disclosure.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

New Wave Holdings Corp. (formerly Trueclaim Exploration Inc.) ("the Company") 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 investments focused on the psychedelic and esports sectors. 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 New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 and as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings (BC) Corp. For accounting purposes, this transaction has been treated as a reverse takeover. These financial statements are presented as a continuation of New Wave Holdings (BC) Corp., in which its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. Additional information relating to this transaction can be found in Note 4. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES, which was later changed to SPOR on May 8, 2020.

On May 8, 2020, the Company completed a three old shares for one new share consolidation. All references to common shares, options, and warrants and per common share amounts have been retroactively restated to reflect this share consolidation.

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 March 31, 2020, the Company is not able to finance day to day activities through operations and has incurred a loss of $5,849,467 for the year ended March 31, 2020. 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

As a result of these circumstances and those caused by the COVID – 19 pandemic, management has taken actions to address its going concern by proactively reducing expenses, divesting assets and raising capital through equity financings.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these financial statements are set out below.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on July 29, 2020.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and assumptions (continued)

Significant estimates

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, valuation of share-based payments, and valuation of equity component of convertible debt. See Notes 9 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.

Cash

Cash is comprised of cash deposits in the bank and highly liquid investments with originals 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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

<u>Transactions and balances:</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

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:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 these 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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(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, lease liability and convertible debentures 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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.

Convertible Debenture

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the estimated interest rate that was estimated to have been applicable to a non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full principal value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

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 (See Note 11).

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings (BC) 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.

Purchase price	**$**
Fair value of shares issued	2,411,179
Finders shares issued on RTO	732,730
Total Transaction Cost	**3,143,909**
Allocation of Purchase Price	
Cash	1,251,887
Amounts receivable	28,293
Accounts payable	(311,484)
Net assets acquired	**968,696**
Listing expense	**2,175,213**

(Expressed in Canadian Dollars)

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 1,333,333 common shares to the shareholders of Thunderbolt at a deemed price of $0.015 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:

Total Purchase Price:	
1,333,333 common shares at $0.015 per share	$ 20,000

Allocation of purchase price	**January 30, 2019**
Net Assets of Thunderbolt	$ -
Transaction costs	20,000
	$ 20,000

6. EQUIPMENT

Cost	Computer Equipment	Accumulated depreciation	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	1,336		(1,336)
Balance, March 31, 2020	**4,451**	**Balance, March 31, 2020**	**1,336**	**Balance, March 31, 2020**	**3,115**

(Expressed in Canadian Dollars)

7. INVESTMENTS

The Company has the following investments as at March 31, 2020 and 2019:

	Number of Shares/Units Held	Fair Value at March 31, 2019	Investment	Fair market value Adjustments	Fair Value at March 31, 2020
Equities of private esport companies:		$	$	$	$
Even Matchup Gaming Inc.	1,000	250,000	1,230,000	20,000	1,500,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	446,018	50,000	628,982	1,125,000
Avatar One E-Sports Capital Corp.	7,500,000	-	150,000	-	150,000
Talon Esports Ltd.	681,818	-	405,000	-	405,000
Stock options held:					
Talon Esports Ltd.	681,818	-	198,511		198,511
Balance		**946,847**	**2,033,511**	**648,982**	**3,629,340**

i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. ("EMG") 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 additional amounts paid, and the fair value has been adjusted based on the per share value of the additional amounts paid.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for $1,230,000 comprising $550,000 cash and 2,518,518 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 2,518,518 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.

Immediately after the completed acquisition, the Company took steps to unwind the acquisition due to various operational issues encountered with EMG. On April 16, 2020, the Company and EMG reached a settlement agreement whereby:

1- The Company would retain 200 common shares (20%) of EMG.
2- The Company will return 800 common shares (80%) to EMG shareholders.
3- EMG would return to the Company 2,518,518 common shares for cancellation (received and cancelled).
4- The Company would pay the remaining balance of the committed $550,000 totaling $50,000 and also pay $150,000 to a founding shareholder of EMG. The $200,000 is included in accounts payable as at March 31, 2020 owing to these parties.
5- The Company will repay $260,000 in cash loans received from EMG which is included within accounts payable and accrued liabilities.

7. INVESTMENTS (continued)

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.

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 year ended March 31, 2020, 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 $0.59 (USD $0.44) per share for an aggregate investment of $405,000 (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 USD $0.44 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.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES

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 into common shares at a 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 1,857,852 share purchase warrants exercisable at $0.45 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 370,371 share purchase warrants exercisable at $0.15 per share expiring two years from the date of issuance. $27,778 of these convertible debentures were issued to a director of the Company

The convertible debentures were allocated as follows:

Liability portion of convertible debentures	$	550,965
Discount on convertible debentures		(66,667)
Equity portion of convertible debentures		115,702
Total convertible debentures issued	$	600,000

Liability component of Convertible Debentures as at March 31, 2020:

Liability portion on issuance	$	550,965
Accretion expense		6,925
Discount on issuance		(66,667)
Amortization of discount		4,189
Balance at March 31, 2020	**$**	**495,412**

Equity component of Convertible Debentures as at March 31, 2020:

Equity portion on issuance	$	115,702
Balance at March 31, 2020	**$**	**115,702**

9. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value, special rights or restrictions attached. On May 8, 2020, the Company consolidated its common shares on a three old shares for one new share basis.

Issued share capital for the period ended March 31, 2020

On April 17, 2019, the Company closed a private placement through the issuance of 2,280,000 Units of the Company at a price of $0.30 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 $0.60 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 16,667 Units to an officer of the Company at a deemed price of $0.30 per Unit in exchange for services. Theses units carry the same terms as the private placement. The Company paid cash finders fees of $33,200 in connection with the private placement.

On May 29, 2019, the Company closed a private placement through the issuance of 3,877,889 Units of the Company at a price of $0.45 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 $0.90 per share. The Company paid cash finder's fees of $97,650 in connection with this private placement.

On October 24, 2019, as a result of the reverse take-over, the Company exchanged 16,282,889 common shares to the shareholders of New Wave Holdings (BC) Corp., consolidated its share capital on a basis of one to one and half shares resulting in 7,986,167 post-consolidated shares, and issued 1,628,289 common shares to certain consultants of the reverse take-over transaction resulting in aggregate shares issued of 25,897,345. The 1,628,289 common shares issued as finders fees on the reverse takeover had a fair value of $732,780. In accordance with CSE requirements, 13,572,460 common shares were placed into escrow and the shares are released evenly over a 3 year period from the date of the transaction. As at March 31, 2020, 12,215,214 shares were held in escrow.

On October 24, 2019 and October 31, 2019, the Company issued, in aggregate 2,583,333 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. As at March 31, 2020, 1,316,667 of these restricted share units were issued to related parties.

During the year ended March 31, 2020, the Company issued, in aggregate, 1,619,444 common shares to certain directors, officers and consultants of the Company recognizing $470,812 in share-based compensation expense.

On February 10, 2020, the Company issued 2,518,518 common shares in connection with the acquisition of EMG (See Note 7i).

9. SHARE CAPITAL (continued)

Issued share capital from April 17, 2018 (inception) to March 31, 2019

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 3,750,000 common shares at a price of $0.015 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 1,333,333 common shares of the Company at a price of $0.015 per share for aggregative purchase value of $20,000.

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 2,243,333 Units of the Company at a price of $0.30 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 $0.60 per share.

On February 8, 2019, the Company issued 100,000 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 1,491,667 Units of the Company at a price of $0.30 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 $0.60 per share.

On February 15, 2019, the Company issued 90,000 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.

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 1,100,000 Units of the Company at a price of $0.30 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 $0.60 per share.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Opening balance	-	$ -
Issued to former New Wave Holdings (BC) Corp. shareholders	5,667,000	0.54
Balance, March 31, 2019	**5,667,000**	**0.54**
Issued to former New Wave Holdings (BC) Corp. shareholders	6,502,222	0.79
Issued	9,468,178	0.52
Balance, March 31, 2020	**21,637,400**	**$ 0.62**

As at March 31, 2020, the weighted average remaining contractual life of share purchase warrants outstanding was 1.88 years and the weighted average exercise price was $0.62.

Warrants outstanding as at March 31, 2020 are as follows:

Exercise price	Expiry date	Number of Warrants
$ 0.60	February 8, 2021	2,398,000
$ 0.60	February 15, 2021	1,634,333
$ 0.60	February 22, 2021	1,134,667
$ 0.06	March 6, 2024	333,333
$ 0.06	March 19, 2024	166,667
$ 0.60	April 17, 2021	2,407,333
$ 0.90	May 29, 2021	4,094,889
$ 0.54	May 23, 2023	7,245,955*
$ 0.45	February 14, 2022	1,851,852
$ 0.45	February 24, 2022	370,371
	TOTAL	21,637,400

*These warrants were not affected by the 3-1 share consolidation; however, they have been presented as such for consistency with financial statement presentation. These 7,245,955 warrants represent 21,737,865 warrants which can be exchanged into 7,245,955 common shares of the Company at an exercise price of $0.54.

9. SHARE CAPITAL (continued)

Brokers warrants issued during the year ended March 31, 2020

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 110,667 broker warrants as a finder's fee. The fair value of the 110,667 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 $0.30, expected volatility - 103% (average based on comparable companies), risk-free interest rate – 1.67%, exercise price of $0.60 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 217,000 broker warrants as a finder's fee. The fair value of the 217,000 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 $0.30, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 1.54%, exercise price of $0.90 and an expected average life of 2 years.

Concurrent to the issuance of the convertible debentures, the Company issued 1,857,852 share purchase warrants exercisable at $0.45 per share expiring two years from the date of issuance (Note 8).

Brokers warrants issued for the period from April 17, 2018 (inception) to March 31, 2019

On February 8, 2019, and concurrent to the warrants issued with the Units of the first tranche private placement, the Company issued 54,667 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 54,667 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 $0.30, expected volatility - 104% (average based on comparable companies), risk-free interest rate – 1.77%, exercise price of $0.60 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 52,667 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 52,667 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 $0.30, 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 34,667 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 34,667 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 $0.30, expected volatility - 104% (average based on comparable companies), risk-free interest rate – 1.77%, exercise price of $0.60 and an expected average life of 2 years.

9. SHARE CAPITAL (continued)

Brokers Warrants issued for the period from April 17, 2018 (inception) to March 31, 2019 (continued)

On March 6, 2019, 333,333 warrants were issued to a consultant of the Company. The warrants are exercisable at $0.06 per share for five years from date of grant. The fair value of the 333,333 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 $0.30, expected volatility - 155% (average based on comparable companies), risk-free interest rate – 1.70%, exercise price of $0.06 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.

On March 20, 2019, 166,667 warrants were issued to a consultant of the Company. The warrants are exercisable at $0.06 per share for five years from date of grant. The fair value of the 166,667 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 $0.30, expected volatility - 154% (average based on comparable companies), risk-free interest rate – 1.58%, exercise price of $0.06 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, 2,466,667 options were issued to directors, officers, and consultants of the Company. The options are exercisable at $0.45 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 $0.45, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of $0.45 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, 66,667 options were issued to a director of the Company. The options are exercisable at $0.33 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 $0.33, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of $0.33 and an expected average life of 5 years.

On February 10, 2020, 66,667 options were issued to a director of the Company. The options are exercisable at $0.33 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 $0.21, expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of $0.21 and an expected average life of 5 years.

On February 24, 2020, 33,333 options were issued to the Chief Financial Officer of the Company. The options are exercisable at $0.18 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 $0.15, expected volatility - 155% (average based on comparable companies), risk-free interest rate – 1.5399%, exercise price of $0.18 and an expected average life of 5 years.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Stock Options (continued)

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

	Number of options	Weighted Average Exercise Price
Opening balance	-	$ -
Balance, March 31, 2019	**-**	**-**
Issued	2,633,334	0.44
Balance, March 31, 2020	**2,633,334**	**$ 0.44**

Options outstanding as at March 31, 2020 are as follows:

Exercise price	Expiry date	Number of options
$ 0.45	October 24, 2024	2,466,667
$ 0.33	November 8, 2024	66,667
$ 0.33	February 10, 2025	66,667
$ 0.18	February 24, 2025	33,333
		2,633,334

10. 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.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

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:

	Year ended March 31, 2020	Period from inception on April 17, 2018 to March 31, 2019
	$	$
Consulting fees	**73,750**	57,845
Share-based compensation	**528,424**	-
Wages	**286,203**	63,217

Related parties balance
As at March 31, 2020, the Company owed $3,000 to an officer or director of the Company (2019 - $8,475).

11. RIGHT OF USE ASSET

The Company entered into an office lease subject to fixed rent payments starting July 1, 2019 for a twenty-four month term. The lease commitments are based on the current lease term.

Below is a summary of the activities related to right-of-use office lease asset for the year ended March 31, 2020:

	Right of Use Office Lease
	$
Balance, March 31, 2019	-
Right of use asset recognized on July 1, 2019	60,091
Depreciation	(22,534)
Balance, March 31, 2020	**37,557**

For the year ended March 31, 2020 right-of-use asset depreciation was recognized in the statement of comprehensive loss.

(Expressed in Canadian Dollars)

11. RIGHT OF USE ASSET (continued)

Below is a summary of the activities related to lease liabilities for year ended March 31, 2020:

	Right of Use Office Lease
	$
Balance, March 31, 2019	-
Lease liability – addition	60,091
Lease payments	(20,061)
Balance, March 31, 2020	**40,030**
Current portion of lease liability	31,293
Non-current lease liability	8,737
Balance, March 31, 2020	**40,030**

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2020:

	March 31, 2020
	$
Fair value through profit or loss	
Investments at fair value (Note 7)	**3,629,340**
Amortized cost	
Cash	**541,256**
Accounts payable and accrued liabilities	**1,011,434**
Lease liability	**40,030**
Convertible debentures	**495,412**

Fair value measurement
As at March 31, 2020, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investments at fair value, account payable and accrued liabilities, lease liability, and convertible debentures. 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.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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:

March 31, 2020	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Investments at fair value	**-**	**-**	**3,629,340**

March 31, 2019	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Investments at fair value	**-**	**-**	946,847

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

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**.**

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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 year ended March 31, 2020.

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.

13. SEGMENTED INFORMATION

The Company operates in one business segment: Esports investment.

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

	March 31, 2020	March 31, 2019
	$	$
Canada	**4,361,686**	1,171,250
United States	**51,554**	58,616
Total assets	**4,413,240**	1,229,866

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

	March 31, 2020	March 31, 2019
	$	$
Canada	**1,712,652**	257,137
United States	**-**	-
Total liabilities	**1,712,652**	257,137

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

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

	Year ended March 31, 2020	April 17, 2018 (date of inception) to March 31, 2019
	$	$
Canada	**5,472,110**	618,520
United States	**377,357**	-
New loss for the year	**5,849,467**	618,520

14. DEFERRED INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	March 31, 2020	March 31, 2019
	$	$
Net loss	**(5,849,000)**	(619,000)
Statutory tax rate	**27%**	27%
Expected income tax recovery	**(1,579,000)**	(167,000)
Non-deductible items	**787,000**	4,000
Change in rate and other	**(19,000)**	(5,000)
Change in deferred tax assets not recognized	**811,000**	168,000
Total income tax recovery	**-**	-

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

	March 31, 2020	March 31, 2019
	$	$
Non-capital losses	**2,268,000**	159,000
Capital assets	**7,000**	-
Share issuance costs	**35,000**	9,000
Deferred tax assets not recognized	**(2,310,000)**	(168,000)
Net deferred income tax assets	**-**	-

The Company's non-capital losses in the amount of approximately $8,023,000 begin to expire in 2035.

15. SUPPLEMENTAL CASH FLOW INFORMATION

<u>For the Year Ended March 31, 2020</u>
Shares issued for services - $470,812
Shares issued for acquisition of EMG - $680,000 (Note 7i)
Shares issued as finder's fees on RTO - $732,730 (Note 4)

<u>For the Period from April 17, 2018 to March 31, 2019</u>
Shares issued for acquisition of subsidiary - $20,000 (Note 5)

16. SUBSEQUENT EVENTS

On April 16, 2020, the Company entered into an agreement with EMG to divest its previously 100% interest in EMG down to 20% (Note 7i).

On May 5, 2020, the Company invested in Anahit Therapeutics Ltd. ("Anahit"), a subsidiary of Anahit International Corp., through the purchase of 50% of the outstanding Class A shares of Anahit and 100% of the Class B shares of Anahit, through the issuance of 24,500,000 common shares of the Company, and 500,000 share purchase warrants of the Company exercisable at $0.10 per share for three years. In addition to the shares and warrants, the Company loaned $350,000 to Anahit through an unsecured non-interest-bearing loan for business development of Anahit and has committed to raise additional capital for Anahit six months from the closing of the investment. In the event the Company does not meet this six-month deadline, the Company will issue an option to Anahit to purchase 7,000,000 shares at a price of $0.025 per share.

On May 19, 2020, the Company closed a private placement of 10,064,000 common shares at a price of $0.10 per share for gross proceeds of $1,064,000. The Company paid cash finders fees of $40,250 and issued 402,500 brokers warrants in connection with the private placement.

On June 1, 2020, 500,000 common shares were issued on conversion of $50,000 in convertible debentures, and on June 2, 2020, a further 5,055,555 common shares were issued on conversion of $505,555 convertible debentures. See Note 8.

On June 17, 2020, the Company closed a private placement of 6,188,627 Units at a price of $0.33 per Unit for gross proceeds of $2,042,247. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of $0.45 per common shares. The Company paid an aggregate cash finders fee of $97,002 and granted 391,346 broker warrants with the same terms as the Units.

Subsequent to year end, 515,555 common shares were granted relating to various warrant exercises between $0.06 and $0.18 per common share.

Subsequent to year end, 1,295,834 common shares were issued to certain officers, directors and consultants of the Company.