



**Fandom Sports Media Corp.**

**ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JANUARY 31, 2020 AND 2019**

**(Expressed in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fandom Sports Media Corp.

### Opinion

We have audited the consolidated financial statements of Fandom Sports Media Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### 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 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 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 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

June 26, 2020

Fandom Sports Media Corp.  
Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

As at	Notes	January 31, 2020	January 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equivalents		\$ 540	\$ 1,080,993
Commodity tax recoverable	5	7,578	5,229
Prepaid expenses		8,080	113,921
		<b>16,198</b>	<b>1,200,143</b>
<b>Non-current assets</b>			
Equipment	6	-	8,850
			<b>16,198</b>
<b>TOTAL ASSETS</b>		<b>\$ 16,198</b>	<b>\$ 1,208,993</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8, 11	260,054	282,196
		<b>260,054</b>	<b>282,196</b>
<b>EQUITY (DEFICIT)</b>			
Share capital	9	\$ 12,124,443	\$ 11,322,443
Share-based payment reserve	10	2,382,233	2,152,693
Deficit		(14,750,532)	(12,548,339)
<b>TOTAL EQUITY (DEFICIT)</b>		<b>(243,856)</b>	<b>926,797</b>
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>		<b>\$ 16,198</b>	<b>\$ 1,208,993</b>

Nature and continuance of operations and going concern (Note 1)  
Events after the reporting period (Note 14)

Approved and authorized by the Board on June 26, 2020

Director           "Scott Keeney"           Director           "Tristan Brett"

Fandom Sports Media Corp.  
Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

	Notes	January 31, 2020	January 31, 2019
<b>Expenses</b>			
Amortization	6	\$ 4,867	\$ 4,118
Consulting and management fees	11	446,048	1,009,008
Interest, bank charges, and foreign exchange		30,765	12,208
Legal and audit		102,655	196,939
Marketing and promotion		132,840	380,146
Office and general		26,419	91,116
Share-based compensation	9, 11	274,300	552,000
Transfer agent and filing fees		54,936	55,691
Platform development cost	7	1,041,732	1,359,351
Travel		84,879	383,883
		\$ 2,199,441	\$ 4,044,460
<b>Other Items</b>			
Impairment of intangible assets	7	\$ -	\$ 85,501
Platform income		(452)	-
Interest income		(779)	-
Impairment of equipment	6	3,983	-
<b>Loss and comprehensive loss for the year</b>		\$ 2,202,193	\$ 4,129,961
<b>Loss per share – basic and diluted</b>		\$ (0.15)	\$ (0.30)
<b>Weighted number of common shares outstanding (*)</b>		<b>14,822,025</b>	<b>13,626,499</b>

(\*) Basic and diluted loss per common share and the weighted number of common shares outstanding for the year reflect the share consolidation described in Note 14. The comparative period loss per common share and the weighted number of common shares outstanding for the year have also been restated.

Fandom Sports Media Corp.  
Consolidated Statements of Changes in Equity (Deficit)  
(Expressed in Canadian dollars)

	SHARE CAPITAL			Shares to be issued	Share-based payment reserve	Deficit	Total
	Notes	Number of shares	Amount				
<b>Balance at January 31, 2018</b>		<b>126,800,836</b>	<b>\$ 9,427,893</b>	<b>\$ 375,000</b>	<b>\$ 1,762,693</b>	<b>\$ (8,418,378)</b>	<b>\$ 3,147,208</b>
Transactions with owners, in their capacity as owners and other transfers:							
Shares issued pursuant to private placements	9	4,166,000	624,900	(375,000)	-	-	249,900
Exercise of warrants	9	11,076,500	1,269,650	-	(162,000)	-	1,107,650
Stock based compensation		-	-	-	552,000	-	552,000
Net and comprehensive loss		-	-	-	-	(4,129,961)	(4,129,961)
<b>Balance at January 31, 2019</b>		<b>142,043,336</b>	<b>11,322,443</b>	<b>-</b>	<b>2,152,693</b>	<b>(12,548,339)</b>	<b>926,797</b>
Transactions with owners, in their capacity as owners and other transfers:							
Shares issued pursuant to private placements	9	5,134,000	308,040	-	-	-	308,040
Exercise of warrants	9	2,500,000	294,760	-	(44,760)	-	250,000
Shares issued for BLAZE	7, 9	12,000,000	199,200	-	-	-	199,200
Stock based compensation		-	-	-	274,300	-	274,300
Net and comprehensive loss		-	-	-	-	(2,202,193)	(2,202,193)
<b>Balance at January 31, 2020</b>		<b>161,667,336</b>	<b>\$ 12,124,443</b>	<b>\$ -</b>	<b>\$ 2,382,233</b>	<b>\$ (14,750,532)</b>	<b>\$ (243,856)</b>

See accompanying notes to the consolidated financial statements

Fandom Sports Media Corp.  
Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

	January 31, 2020	January 31, 2019
<b>Operating activities</b>		
Loss for the year	\$ (2,202,193)	\$ (4,129,961)
Adjustments for non-cash items:		
Amortization	4,867	4,118
Stock-based compensation	274,300	552,000
Platform development costs paid with shares	199,200	-
Impairment loss	3,983	85,501
Changes in non-cash working capital items:		
Commodity tax recoverable	(2,349)	55,753
Prepaid expenses	105,841	(55,225)
Accounts payables and accrued liabilities	227,858	211,471
<b>Net cash used in operating activities</b>	<b>(1,388,493)</b>	<b>(3,276,343)</b>
<b>Investing activities</b>		
Purchase of equipment	-	(10,961)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(10,961)</b>
<b>Financing activities</b>		
Proceeds on issuances of common shares	308,040	1,107,550
<b>Net cash flows from financing activities</b>	<b>308,040</b>	<b>1,107,550</b>
Decrease in cash and cash equivalents	(1,080,453)	(2,179,754)
Cash and cash equivalents, beginning	1,080,993	3,260,747
<b>Cash and cash equivalents, ending</b>	<b>\$ 540</b>	<b>\$ 1,080,993</b>
<b>Non-cash transactions:</b>		
Common shares issued for services and accounts payable	\$ 250,000	\$ 250,000

**1. Nature and continuance of operations and going concern**

Fandom Sports Media Corp. (the “Company”) is a publicly listed company incorporated in Canada under the British Columbia Corporations Act on May 12, 2006.

The Company’s primary business is the development and monetization of the Company’s Blockchain technology based Entertainment Platform for sports and esports superfan engagement and the related mobile applications.

The Company’s registered and records office is located at 2200 HSBC Building, 885 West Georgia Street, Vancouver, B.C., Canada, V6C 3E8. The Company’s head office is located at Suite 830 – 1100 Melville Street, Vancouver BC V6E 3A4.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. As at January 31, 2020, the Company had accumulated losses totaling \$14,750,532 (2019 - \$12,548,339) and was not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from the development and monetization of the Company’s Blockchain technology based Entertainment Platform for sports and esports superfan engagement and the related mobile applications and its ability to attain profitable licensing and advertising based operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations, all of which are uncertain. These factors indicate the existence of material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from related parties, exercise of stock options, exercise of warrants, and/or from funds generated from private placements.

**2. Statement of compliance and basis of presentation**

***Statement of compliance***

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of January 31, 2019.

***Basis of Presentation***

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The presentation and functional currency is the Canadian dollar.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, as follows:

	Jurisdiction of Incorporation	Percentage owned	
		January 31, 2020	January 31, 2019
Fandom Media Group Inc.	Canada	dissolved (*)	100%
Fandom Sport OY	Finland	100%	-

(\*) voluntarily dissolved on April 23, 2019

Inter-company transactions and balances are eliminated upon consolidation.



### 3. Significant accounting policies

#### *Significant accounting judgments, estimates and assumptions*

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

- Stock-based compensation which is subject to estimation related to the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model;
- Recoverability of amounts capitalized as intangible assets;
- The measurement of income taxes payable and deferred income tax assets and liabilities; and
- The Company's ability to continue as a going concern and whether there are events or condition that may give rise to significant uncertainty (Note 1).

#### *Foreign exchange*

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiaries' functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

#### *Intangible assets*

Intangible assets consist of trademarks, mobile application front end, back end, website, and platform developed in-house or acquired externally, on which advertisements are placed. The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meet the following recognition criteria: i) the technical feasibility of completing the intangible assets so that it will be available-for-use or sale; ii) its intension to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred. Subsequent to initial recognition, the Company reports internally-generated intangible assets at cost less accumulated amortization and accumulated impairment losses.

**3. Significant accounting policies (continued)**

***Intangible assets (continued)***

Intangible assets acquired through asset acquisition or business combinations are initially recognized at fair value based on an allocation of the purchase price.

Intangible assets in use are amortized on a straight-line basis over their estimated useful life of 5 years. The amortization method, estimated useful life and residual values are reviewed each financial year end or more frequently if required, and are adjusted as appropriate. Intangible assets under development which are not ready for use are not amortized, but are evaluated for impairment annually.

***Share-based compensation***

Stock-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Financial instruments***

*(i) Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>IFRS 9 Classification</b>
Cash and equivalents	FVTPL
Accounts payable	Amortized cost

*(ii) Measurement*

**Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

**3. Significant accounting policies (continued)**

***Financial instruments (continued)***

*(ii) Measurement (continued)*

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*(iii) Impairment of financial assets at amortized cost*

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 the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and 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.

*(iv) Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

**3. Significant accounting policies (continued)**

***Impairment of assets***

The carrying amount of the Company's long-lived assets (which include equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are included in the determination of net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

***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 Canadian 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.

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 recognized on the 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.

**3. Significant accounting policies (continued)**

***Income taxes (continued)***

Deferred tax assets and deferred income 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.

***Equipment***

Equipment is recorded at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

<b>Class of equipment</b>	<b>Amortization rate</b>
Computer equipment	30% declining balance

***Loss per share***

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding is used for the calculation of diluted earnings per share which assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

**3. Significant accounting policies (continued)**

***Leases***

*IFRS 16 Leases*

Effective February 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life. The adoption of IFRS 16, on February 1, 2019, had no impact to the Company's consolidated financial statements, as the Company has no leases.

**4. Financial risk management and capital management**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable approximate their fair value because of the short-term nature of these instruments.

***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 manages credit risk in respect of cash by placing cash at major financial institutions. The Company considers credit risk related to cash as low risk.

**4. Financial risk management and capital management (continued)**

***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at January 31, 2020, the Company had current liabilities of \$260,054 and current assets of \$16,198. To improve liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1, there can be no assurance these efforts will be successful in the future. All the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed high.

***Market risk***

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

***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 foreign currency risk for the Company is low.

***Capital management***

The Company identifies capital as cash and items included in shareholders' equity. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors. The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance its assets. The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources. The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditure and the scope of operations during periods of commodity pricing decline and economic downturn.

There were no changes in the Company's approach to capital management during the year ended January 31, 2019 and the Company is not subject to any externally imposed capital requirements.

**5. Commodity tax Recoverable**

	<b>January 31, 2020</b>	January 31, 2019
Commodity tax Recoverable	\$ 7,578	\$ 5,229

**6. Equipment**

	<b>Computer equipment</b>
<b>Cost:</b>	
At January 31, 2018	\$ 11,027
Additions	10,961
At January 31, 2019	21,988
Additions	-
Impairment	(3,983)
<b>At January 31, 2020</b>	<b>\$ 18,005</b>
<b>Accumulated amortization:</b>	
At January 31, 2018	\$ 9,020
Charge for the year	4,118
At January 31, 2019	13,138
Charge for the year	4,867
<b>At January 31, 2020</b>	<b>\$ 18,005</b>
<b>Net book value:</b>	
At January 31, 2018	\$ 8,850
<b>At January 31, 2019</b>	<b>\$ -</b>

**7. Intangible assets**

	<b>Total</b>
<b>Cost</b>	
At January 31, 2018	\$ 249,810
Impairment	(85,501)
At January 31, 2019 and 2020	164,309
<b>Accumulated Amortization</b>	
At January 31, 2018 and 2019	\$ 164,309
<b>At January 31, 2020</b>	<b>\$ 164,309</b>
<b>Net Book Value</b>	
At January 31, 2018 and 2019	\$ -
<b>At January 31, 2020</b>	<b>\$ -</b>

During the year ended January 31, 2020, the Company incurred \$1,041,732 (2019 - \$1,359,351) in costs associated with the development of the Company's online platform. This included costs from the platform developer, costs related to securing the perpetual blockchain licence, and costs related to obtaining various trademarks for the Company.



**8. Accounts payable and accrued liabilities**

	January 31, 2020	January 31, 2019
Accounts payable (Note 11)	\$ 235,666	\$ 13,339
Accrued bonus payable (Note 11)	-	177,083
Accrued liabilities	24,388	91,774
	<b>\$ 260,054</b>	<b>\$ 282,196</b>

**9. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

Issued and outstanding on January 31, 2020: 161,677,366 (January 31, 2019: 142,043,336)

***Changes in Share Capital***

*During the period ended January 31, 2020:*

On December 3, 2019, the Company issued 12,000,000 common shares, with a fair value of \$199,200, in connection with the purchase of a perpetual license for the Blaze protocol. The fair value of the license was included in the consolidated statements of loss and comprehensive loss within platform development costs (Note 7).

On August 23, 2019, the Company completed a private placement whereby it issued 5,134,000 units at \$0.06 per unit for total gross cash proceeds of \$308,040. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of \$0.10 until August 23, 2021. No finders' fees were paid in connection with the private placement.

On April 18, 2019, the Company issued 2,500,000 common shares in connection with the exercise of 2,500,000 warrants at a price of \$0.10 per share pursuant to a contract with the Chief Executive Officer.

*During the period ended January 31, 2019:*

On February 9, 2018, the Company completed a private placement whereby it issued 4,166,000 units at \$0.15 per unit for total gross cash proceeds of \$624,900. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of \$0.20 until February 9, 2020. No finders' fees were paid in connection with the private placement.

The Company issued 8,576,500 common shares in connection with the exercise of 8,576,500 warrants at a price of \$0.10 per share. Proceeds from exercise of these warrants totaled \$857,650 were received in cash.

The Company issued 2,500,000 common shares in connection with the exercise of 2,500,000 warrants at a price of \$0.10 per share. Proceeds from exercise of these warrants totaled \$250,000 were applied against consulting fee payable to one of the Company directors (Note 11).

**9. Share capital (continued)**

***Stock options***

On August 8, 2017, the Company's Shareholders approved and adopted the Company's Stock Option Plan which is a rolling 20% incentive stock option plan (the "2017 Plan"), enabling the Board of Directors of the Company from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. The aggregate number of common shares reserved for issuance to insiders in any 12-month period under the 2017 Plan and any other share compensation arrangement shall not exceed 10% of the outstanding shares at the time of the grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On August 24, 2019, the Company granted 5,000,000 stock options consisting 1,000,000 to each serving Board of Director for their previous years commitment. The options are exercisable at \$0.05 per share for a period of 5 years and vested immediately.

On February 21, 2019, the Company granted 675,000 stock options, 400,000 to an officer and 275,000 to consultants of the Company which are exercisable at \$0.10 per share for a period of 5 years and vested immediately.

On December 14 2018, the Company granted 100,000 stock options to an officer which are exercisable at \$0.10 per share for a period of five years and vested immediately (Note 11).

On December 13 2018, the Company granted 600,000 stock options to an external consultant which are exercisable at \$0.125 per share for a period of five years and vested immediately.

On October 5, 2018, the Company granted 1,500,000 stock options to consultants of the Company which are exercisable at \$0.115 per share for a period of five years. Of the total options issued, 375,000 vested immediately on the grant date and 375,000 vest each 3 months thereafter for a period of 12 months from the grant date.

On September 7, 2018, the Company granted 500,000 stock options to consultants of the Company which are exercisable at \$0.095 per share for a period of five years. Of the total options issued, 312,500 vested immediately on the grant date and 62,500 vest each 3 months thereafter for a period of 12 months from the grant date.

On August 21, 2018, the Company granted 250,000 stock options to a consultant of the Company which are exercisable at \$0.095 per share for a period of five years. Of the total options issued, 62,500 vested immediately on the grant date and 62,500 vest each 3 months thereafter for a period of 12 months from the grant date.

On July 26, 2018, the Company granted 1,375,000 stock options, 500,000 to a director of the Company (Note 11) and a total of 875,000 to other consultants of the Company which are exercisable at \$0.095 per share for a period of five years. Of the total options issued, 437,000 vested immediately on the grant date and 312,500 vest each 3 months thereafter for a period of 12 months from the grant date.

**9. Share capital (continued)**

***Stock options (continued)***

On July 5, 2018, the Company granted 1,255,000 stock options, 500,000 to an officer of the Company (Note 11) and a total of 755,000 to other consultants of the Company which are exercisable at \$0.09 per share for a period of five years and vested immediately.

On May 24, 2018, the Company granted 1,000,000 stock options to consultants of the Company which are exercisable at \$0.125 per share for a period of five years. Of the total options issued, 250,000 vested immediately on the grant date and 250,000 vest each 3 months thereafter for a period of 12 months from the grant date.

During the year ended January 31, 2020, an aggregate of 4,500,000 (2019 - 3,237,500) stock options with an exercise were cancelled due to the termination of consulting contracts.

The continuity schedule of stock options is as follows:

	<b>Number of stock options</b>
Balance, January 31, 2018	8,337,500
Granted	6,580,000
Cancelled	(3,237,500)
Balance, January 31, 2019	11,680,000
Granted	5,675,000
Cancelled	(4,500,000)
<b>Balance, January 31, 2020</b>	<b>12,855,000</b>

A summary of the Company's outstanding and exercisable stock options as at January 31, 2019 is as follows:

<b>Weighted average exercise price</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Expiry Dates</b>
\$0.10	0.75	150,000	150,000	November 1, 2020
\$0.10	1.43	850,000	850,000	July 5, 2021
\$0.19	2.35	1,800,000	1,800,000	June 4, 2022
\$0.17	2.50	500,000	500,000	August 1, 2022
\$0.345	2.96	250,000	250,000	January 17, 2023
\$0.125	3.31	500,000	500,000	May 24, 2023
\$0.09	3.43	355,000	355,000	July 5, 2023
\$0.095	3.48	1,250,000	1,250,000	July 26, 2023
\$0.095	3.56	250,000	250,000	August 23, 2023
\$0.095	3.60	250,000	250,000	September 7, 2023
\$0.115	3.68	1,000,000	1,000,000	October 5, 2023
\$0.125	3.87	600,000	600,000	December 13, 2023
\$0.10	4.31	100,000	100,000	February 20, 2024
\$0.05	4.81	5,000,000	5,000,000	August 20, 2024
<b>\$0.10</b>	<b>3.56</b>	<b>12,855,000</b>	<b>12,855,000</b>	

The Company recognized \$274,300 (2019: \$552,000) in share-based compensation for the year ended January 31, 2020.

**9. Share capital (continued)**

***Stock options (continued)***

The fair value of stock options granted was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Year ended January 31, 2020	Year ended January 31, 2019
Expected life of options	5 years	5 years
Annualized volatility	175% - 183%	144%
Risk-free interest rate	1.18% – 1.80%	2.06% – 2.23%
Dividend rate	0%	0%

***Purchase warrants***

During the year ended January 31, 2020, an aggregate of 16,360,000 warrants with an exercise price range of \$0.10 - \$0.15 expired unexercised.

During the year ended January 31, 2019, an aggregate of 10,899,713 warrants with an exercise price range of \$0.10 - \$0.35 expired unexercised.

During the year ended January 31, 2019, 2,500,000 warrants were cancelled due to the departure of a Director and Management Team member.

The continuity schedule of share purchase warrants is as follows:

	Number of share purchase warrants
Balance, January 31, 2018	63,384,679
Granted	4,166,000
Exercised	(11,076,500)
Cancelled	(2,500,000)
Expired	(10,899,713)
Balance, January 31, 2019	43,074,466
Granted	5,134,000
Exercised	(2,500,000)
Expired	(16,360,000)
<b>Balance, January 31, 2020</b>	<b>29,348,466</b>

As of January 31, 2020, the continuity schedule of warrants is as follows:

Weighted average exercise price	Remaining contractual life (years)	Number of warrants outstanding	Expiry Dates
\$0.20	0.12	22,548,466	*March 16, 2020
\$0.20	0.27	1,666,000	*April 8, 2020
\$0.10	1.56	5,134,000	August 23, 2021
<b>\$0.18</b>	<b>0.38</b>	<b>29,348,466</b>	

\* On December 23, 2019 the Company extended the expiry date of these warrants from January 16, 2020 to March 16, 2020 and from February 8, 2020 to April 8, 2020. No stock based compensation was recorded related to the extension of the expiry dates. Warrants expired during the period subsequent to the year-end without exercise.

**10. Share-based payment reserve**

The share-based payment reserve records items recognized as share-based compensation expense and the fair value initially recorded for warrants and options issued until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**11. Related party balances and transactions**

*Key management compensation*

During the year ended January 31, 2020, the Company incurred charges from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of \$430,534 (2019: \$725,252), which is recorded in consulting and management fees.

As at January 31, 2020, \$160,677 (January 31, 2019, \$177,083) was due to directors and senior management or companies controlled by directors and senior management, and was included in accounts payable and accrued liabilities (Note 8).

The Company expensed \$72,917 related to the Company's CEO (2019: \$177,083) as part of an incentive program associated with his original contract in 2017. On April 18, 2019, the Company issued 2,500,000 common shares in connection with the exercise of 2,500,000 warrants at a price of \$0.10 per share. Proceeds from the exercise of these warrants totaled \$250,000 were applied against the payable to the CEO of the Company (Note 9).

During the year ended January 31, 2020, stock based compensation totaling \$208,774 (2019: \$89,111) was incurred related to options issued to directors, officers and senior management of the Company, that vested during the year.

**12. Segmented information**

*Operating segments*

The Company operates in two reportable operating segments: Canada and Finland. At January 31, 2020 and 2019, all assets are located in Canada. The Finnish operating segment was established on July 27, 2018.

**13. Income taxes**

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined federal and provincial statutory income tax rates of 27% to net loss as follows:

	Years ended January 31,	
	2020	2019
Loss for the year	\$ (2,202,193)	\$ (4,129,961)
	27%	27%
Expected income tax recovery	(594,592)	(1,115,090)
Non-deductible items and others	460,152	155,921
Change in tax rate	-	(115,700)
Temporary income tax differences not recognized	134,440	1,074,869
<b>Total tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

**13. Income taxes (continued)**

The significant components of the Company's deferred tax assets and liabilities are as follows:

	January 31, 2020	January 31 2019
Non-capital losses	\$ 3,331,543	\$ 3,190,499
Allowable capital losses	277,948	277,947
Equipment	4,687	2,297
Exploration and evaluation assets	223,039	223,039
Finance costs	16,554	25,549
Intangible	363,748	363,748
Valuation allowance	(4,217,519)	(4,083,079)
	\$ -	\$ -

The significant components of the Company's temporary differences and unused tax losses are as follows:

	Amount	Expiry
Non-capital losses	12,339,048	2026-2039
Allowable capital losses	1,029,430	No expiry
Equipment	17,358	No expiry
Exploration and evaluation assets	826,072	No expiry
Finance costs	61,312	2022

**14. Events after the reporting period**

On February 6, 2020, the Company's shares were consolidated at a basis of 10 old common shares for 1 new common share.

On April 20, 2020, the Company announced that it has closed its private placement financing, raising total gross proceeds of \$752,290. The Company issued a total of 10.59 million units at a price of \$0.05 per unit. Each unit consists of one common share and one-half of one common share purchase warrant, where each full warrant entitles the holder to purchase one additional common share of the company at a price of \$0.07 per common share on or before April 19, 2021. Gross proceeds of the offering included settling an aggregate of \$243,000 in outstanding debt with the issuance of 4,455,805 common shares and 1,364,000 warrants also exercisable at \$0.07 per common share on or before April 19, 2021.

On May 2, 2020, the Company announced that it has granted an aggregate of 800,000 share purchase options to the newest members of its Esports expansion of which 600,000 option were granted to the Company's recently appointed Chairman and director, and 200,000 option were granted to the Esports betting adviser. The options have an exercise price of \$0.32 per share for a period of five years from the date of issuance. Of the total options issued, 400,000 vested immediately on the grant date and 400,000 will vest in 6 months from the date of grant.

On May 6, 2020 the Company granted 400,000 options to the Company's President and Chief Executive Officer in connection with his appointment. The options have an exercise price of \$0.32 per share for a period of five years. Of the total options issued, 200,000 vested immediately on the grant date and 200,000 will vest in 6 months from the date of grant.

On May 12, 2020, the Company granted 200,000 options in connection with the appointment of an advisory board member. The options have an exercise price of \$0.32 per share for a period of five years. Of the total options issued, 100,000 vested immediately on the grant date and 100,000 will vest in 6 months from the date of grant.

**14. Events after the reporting period (continued)**

On May 19, 2020, the Company granted 200,000 options in connection with the appointment of an advisory board member. The options have an exercise price of \$0.32 per share for a period of five years. Of the total options issued, 100,000 vested immediately on the grant date and 100,000 will vest in 6 months from the date of grant.

On June 4, 2020, the Company granted 200,000 options in connection with the appointment of an advisory board member. The options have an exercise price of \$0.32 per share for a period of five years and vest immediately.

On June 8, 2020, the Company granted 200,000 options in connection the appointment of the Fandom Sports advisory board member. The options have an exercise price of \$0.325 per share for a period of five years and vest immediately. On the same date, the Company granted 390,000 options to existing directors with the same terms.

On June 17, 2020, the Company granted 450,000 options in connection with the appointment a new board member. The options have an exercise price of \$0.325 per share for a period of five years and vest immediately.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company’s consolidated financial results.