Interactive Games Technologies Inc.

(formerly I3 Interactive Inc.)

Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTERACTIVE GAMES TECHNOLOGIES INC. (FORMERLY I3 INTERACTIVE INC.)

Opinion

We have audited the accompanying consolidated financial statements of Interactive Games Technologies Inc. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the 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 financial position of Interactive Games Technologies Inc. as at December 31, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company incurred a net loss of $31,166,344 during the year ended December 31, 2020, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- 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.

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 auditors' report is Herve Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2021

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(Expressed in Canadian Dollars)

As at	Notes	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash		2,289,326	19,318
Accounts receivable	4	480,916	-
Taxes receivable		160,542	56,154
Prepaid expenses	5	29,861	395,858
		2,960,645	471,330
Non-current assets			
Property, plant, and equipment	9	3,921	-
Goodwill	9	849,818	-
Intangible assets	6	2,097,927	334,750
TOTAL ASSETS		**5,912,311**	**806,080**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,111,221	352,795
Royalty payable	14	49,098	-
Consideration payable	8	15,631	-
Promissory notes	11	597,000	-
Loans	10	279,323	272,000
		2,052,273	-
Non-current liabilities			
Deferred income tax liability	9,19	316,000	
TOTAL LIABILITIES		**2,368,273**	**624,795**
SHAREHOLDERS’ EQUITY			
Share capital	12	28,957,086	2,843,652
Reserves	12	7,710,945	-
Non-controlling interest		769,620	-
Accumulated other comprehensive loss		(53,321)	-
Deficit		(33,840,292)	(2,662,367)
TOTAL SHAREHOLDERS’ EQUITY		**3,544,038**	**181,285**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**5,912,311**	**806,080**

Nature of operations and going concern (Note 1)
Subsequent events (Note 22)

Approved and authorized for issuance on behalf of the Board on April 30, 2021:

“Troy Grant”

Troy Grant, Director

“Binyomin Posen”

Binyomin Posen, Director

(Expressed in Canadian Dollars)

Year ended	Notes	December 31, 2020 $	December 31, 2019 $
Revenues		364,699	-
Cost of sales		(56,461)	-
Gross margin		308,238	-
Expenses			
Bank charge		2,608	-
Consulting	13	534,868	1,300,925
Corporate development		1,224,009	-
Depreciation	6	29,214	-
Foreign exchange		16,809	16,098
IT support		804,441	-
Marketing		503,912	357,048
Office expenditures		259,019	-
Professional fees		1,203,480	542,684
Research and development		82,194	-
Share-based compensation	12	11,458,975	-
Social media support		2,405,590	-
Travel		-	281,240
		(18,216,881)	(2,497,995)
Other expenses			
Listing expense	21	(11,813,913)	-
Loss on debt settlement	12	(1,135,550)	-
Net loss		(31,166,344)	(2,497,995)
Other comprehensive loss			
Foreign exchange translation adjustment		(53,321)	-
Net loss and comprehensive loss		(31,219,665)	(2,497,995)
Net income (loss) attributable to:			
Shareholders of the Company		(31,177,925)	(2,497,995)
Non-controlling interest		11,581	-
Net loss		(31,166,344)	(2,497,995)
Other comprehensive loss attributable to:			
Shareholders of the Company		(53,321)	-
Non-controlling interest		-	-
		(53,321)	-
Loss per share – basic and diluted		**$ (0.29)**	**$ (0.04)**
Weighted average number of common shares outstanding		**107,415,428**	**60,979,541**

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

Interactive Games Technologies Inc. (formerly I3 Interactive Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Share capital						
	Number of shares #	Amount $	Reserve $	Accumulated other comprehensive loss $	Non-controlling interest $	Deficit $	Total $
Balance at December 31, 2018	**52,209,110**	**54,720**	**-**	**-**	-	**(164,372)**	**(109,652)**
Private placements	14,431,500	3,607,875	-	-	-	-	3,607,875
Share issuance costs	-	(70,504)	-	-	-	-	(70,504)
Return of capital	(7,880,000)	(860,139)	-	-	-	-	(860,139)
Shares for services	446,800	111,700	-	-	-	-	111,700
Loss for the year	-	-	-	-	-	(2,497,995)	(2,497,995)
Balance at December 31, 2019	**59,207,410**	**2,843,652**	**-**	**-**	**-**	**(2,662,367)**	**181,285**
Private placements	25,399,508	5,774,876	-	-	-	-	5,774,876
Share issuance costs	-	(80,147)	20,247	-	-	-	(59,900)
Shares for services	1,562,000	480,980	-	-	-	-	480,980
Shares pursuant to consulting agreements	8,307,555	2,076,889	-	-	-	-	2,076,889
Shares for debt settlement	4,937,000	1,234,250	-	-	-	-	1,234,250
Acquisition of 1248134 B.C. Ltd.	7,859,600	1,571,920	-	-	-	-	1,571,920
Share repurchase	(9,229,333)	(215,000)	-	-	-	-	(215,000)
Reverse takeover	47,449,110	11,862,278	-	-	-	-	11,862,278
Option exercises	3,235,000	948,161	(624,661)	-	-	-	323,500
Warrant exercises	5,850,000	2,459,227	(1,066,727)	-	-	-	1,392,500
Compensation warrants	-	-	7,221,855	-	-	-	7,221,855
Stock-based compensation	-	-	2,160,231	-	-	-	2,160,231
Cumulative translation adjustment	-	-	-	(53,321)	-	-	(53,321)
Non-controlling interest on acquisition	-	-	-	-	758,039	-	758,039
Income (loss) for the year	-	-	-	-	11,581	(31,177,925)	(31,166,344)
Balance at December 31, 2020	**154,577,850**	**28,957,086**	**7,710,945**	**(53,321)**	**769,620**	**(33,840,292)**	**3,544,038**

(Expressed in Canadian Dollars)

For the year ended	**December 31, 2020**	**December 31, 2019**
	$	**$**
Operating activities		
Net loss for the year	(31,166,344)	(2,497,995)
Items not affecting cash		
Listing expense	11,813,913	-
Share-based compensation	11,458,975	-
Loss on debt settlement	1,135,550	-
Shares issued for services	717,157	111,700
Depreciation	29,214	-
Foreign exchange	(95,212)	-
Changes in non-cash working capital items:		
Prepaid expenses	380,867	(390,266)
Accounts receivable	(123,044)	(50,550)
Taxes receivable	(75,183)	-
Royalty payable	49,098	-
Accounts payable and accrued liabilities	362,152	-
Net cash used in operating activities	(5,512,857)	(2,567,436)
Investing activities		
Cash acquired from acquisition of 1248134 B.C. Ltd.	251,878	-
Cash acquired from reverse-take over	39,160	-
Cash paid to acquire Deluxe Crown	(115,532)	-
Acquisition of intangible assets	-	(334,750)
Net cash provided by (used in) investing activities	175,506	(334,750)
Financing activities		
Private placement, net of share issuance cost	5,478,799	3,537,371
Return of capital	-	(860,139)
Share repurchase	(215,000)	-
Warrants exercised	1,392,500	-
Options exercised	323,500	-
Promissory notes	597,000	-
Repayment of amounts due related parties	-	(45,599)
Loans repaid	(1,211,925)	-
Loans received	1,156,113	272,000
Net cash provided by financing activities	7,520,987	2,903,633
Foreign exchange on cash	86,372	-
Increase in cash	2,270,008	1,447
Cash, beginning of year	19,318	17,871
Cash, end of year	**2,289,326**	**19,318**
Supplemental cash flow information		
Shares issued for debt settlement	1,234,250	-
Private placement proceeds applied to settle accounts payable for services (Note 14)	236,117	-
Reclassification of reserves upon exercise of warrants	1,066,727	-
Reclassification of reserves upon exercise of options	624,661	-
Interest paid	-	-
Income taxes paid	-	-

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

1. Nature of operations and going concern

Interactive Games Technologies Inc. (formerly I3 Interactive Inc. and Fairmont Resources Inc.) (the "Company") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act. The Company's principal office is located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada. The Company's shares trade on the Canadian Stock Exchange ("CSE") under the ticker symbol: BETS. The Company was previously in the business of mineral exploration and development which was terminated in 2018.

On June 29, 2020, the Company completed a reverse take-over ("RTO") of Influencers Interactive Inc. ("Influencers") a company incorporated under the laws of British Columbia. (Note 21). These consolidated financial statements are presented as a continuation of Influencers as the deemed acquirer. The Company is in the business of providing customers with an online and mobile gaming platform to provide sports fans worldwide with a unique and highly-engaging social gaming product, sports betting and casino product offerings. The Company changed its name from Fairmont Resources Inc. to I3 Interactive Inc. upon completion of the RTO.

During the year ended December 31, 2020, the Company completed 2 additional acquisitions to further its ability to operate online gaming and betting platforms in approved jurisdictions (notes 8 and 9).

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 operations as they come due. As at December 31, 2020, the Company has a deficit of $33,840,292 (2019 - $2,662,367) and incurred a net loss of $31,166,344 (2019 - $2,497,995). In addition to its working capital requirements, the Company must secure sufficient funding to develop its sports betting and online casino business and to fund its general operating costs. As the Company develops its business, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. There can be no assurance that these initiatives will be successful or sufficient.

These consolidated financial statements do not reflect the adjustments to the amounts and classification of assets and liabilities that might be necessary were the going concern assumption determined to be inappropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2021.

2. Basis of presentation (Continued)

Basis of measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, unless otherwise noted.

Consolidation
The consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned December 31, 2020	Functional Currency
Influencers Amalco 1 Ltd.	British Columbia	100%	Canadian dollar
Influencers Amalco 2 Ltd.	British Columbia	100%	Canadian dollar
Deluxe Crown B.V.	Curacao	100%	US dollar
Nigton Cloud Ltd.	Curacao	100%	US dollar
BlitzBet Sports Holding Ltd	Malta	100%	Canadian dollar
1248134 B.C. Ltd.	Canada	100%	Canadian dollar
Redrush Online Private Limited	India	100%	Indian Rupee
Esperanza Gaming Private Limited	India	67.4%	Indian Rupee

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. All figures presented in the consolidated financial statements are in Canadian dollars unless stated otherwise.

3. Summary of significant accounting policies

Critical judgements and sources of estimation uncertainty
The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expense during the period. Actual results may differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical estimates, judgments and assumptions that management has made in the process of applying accounting policies that have the most significant effect on the consolidated financial statements include, but are not limited to, the following:

3. Summary of significant accounting policies (Continued)

Critical judgements and sources of estimation uncertainty (Continued)

Judgments

Fair value measurement
The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management. Certain assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available.

Business combination and asset acquisition
Judgement is required to determine if the Company's acquisitions represented a business combination or an asset purchase. More specifically, management concluded that certain of the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. An allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their relative fair values at the date of purchase was required based on managements estimates.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgment and estimation relates to the determination of the fair value of each asset and liability, and the fair value of consideration and contingent consideration. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets.

Determination of control in the Acquisitions
The determination of the acquirer in the Acquisitions is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over Deluxe Crown B.V. and 1248134 B.C. Ltd.; whether the Company has exposure or rights to variable returns from its involvement with Deluxe Crown B.V. and 1248134 B.C. Ltd.; and whether the Company has the ability to use its powers over Deluxe Crown B.V. and 1248134 B.C. Ltd. to affect the amount of its returns. The substantive rights of outstanding share purchase warrants and stock options is also considered in these determinations. In exercising this judgment, management reviewed the representation on the Board of Directors and key management personnel, the party that initiated the transaction, and each of the entities' activities. The Company was deemed to be the acquirer in the Acquisitions.

Intangible assets
Distinguishing the research and development phases of a technology and determining whether the recognition criteria for the capitalization of development costs are met or there exists separable intangible assets acquired in a business combination or asset purchase requires judgement. The amortization of intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

3. Summary of significant accounting policies (Continued)

Critical judgements and sources of estimation uncertainty (Continued)

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended December 31, 2020. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubts as to the ability of the Company to meet its obligations as they fall due.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Management evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Functional Currency

The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Judgement is required in determining the primary economic environment and which currencies are predominant in that environment.

Estimates

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Provisions

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

3. Summary of significant accounting policies (Continued)

Loss per share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share earnings. The Company computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average prices.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (loss) (“FVTOCI”) or 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 assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at amortized cost

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 the Company has opted to measure them at FVTPL

(ii) Measurement

Financial assets 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. Summary of significant accounting policies (Continued)

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 based on the effective interest rate method, less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit or loss when incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (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 statements 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.

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

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged, 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 profit or loss.

(v) Offsetting financial assets and liabilities

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

3. Summary of significant accounting policies (Continued)

Intangible assets
The Company's intangible assets consist of the website and gaming platform and related gaming software, and gaming license. Indefinite life intangible assets are recorded at cost less accumulated impairment losses. Finite life intangible assets are recorded at cost less accumulated amortization and accumulated impairment loss.

Finite life intangibles are amortized once they are available for their intended use on a straight-line basis over their estimated useful lives. Upon sale or other disposition of an intangible asset, cost and accumulated amortization are removed from intangible asset and any gain or loss is reflected as a gain or loss from operations.

Intangible assets	**Useful life**
Gaming Platform	3 year
Gaming License	Indefinite

Goodwill
Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization. The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the statement of loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

Current and deferred income taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where

Deferred income tax
Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. Summary of significant accounting policies (Continued)

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost and continue to be carried at the exchange rate at the date of the transaction. Revenues and expenses are translated at the rate of exchange on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of loss and comprehensive loss.

For purposes of consolidation, the assets and liabilities of foreign operations with functional currencies other than the Canadian dollar are translated to Canadian dollars using the rate of exchange in effect at the financial statement date. Revenue and expenses of the foreign operations are translated to Canadian dollars at exchange rates at the date of the transactions with the average exchange rate for the period being used for practical purposes. Foreign currency differences resulting from translation of the accounts of foreign operations are recognized directly in other comprehensive income (loss) and as a separate component of shareholders' deficiency.

When a foreign operation is disposed of, the amount of the associated translation reserve is fully transferred to profit or loss.

Share-based payments

The Company grants share-based awards to employees, directors and non-employees as an element of compensation. The fair value of the awards granted to employees and directors is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in profit or loss with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

3. Summary of significant accounting policies (Continued)

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition includes the fair value of equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value.

Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in profit or loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments with the corresponding gain or loss recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in the statement of comprehensive loss.

3. Summary of significant accounting policies (Continued)

Revenues

The Company's accounting policy for revenue recognition under IFRS 15 – *Revenue from contracts with customers* follows a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligations within the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Sports-betting revenue represents transactions where the Company generates a net gain or loss on a bet which is determined by an uncertain future event. Revenue is recorded as the gain or loss on betting transactions is settled during the period less, free bets, promotional costs and bonuses. The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled. The gain or loss is calculated as the total of sums bet less amounts paid out in respect of such bets when such bets are settled with the customer.

Poker revenue represents primarily the commission charged at the conclusion of each poker hand in cash games (i.e., rake) and entry fees for participation in poker tournaments, and is net of certain promotional expenses, which are treated as a reduction to the transaction price. In poker tournaments, entry fee revenue is recognized when the tournament has concluded.

Accounting standards and interpretations issued but not yet effective

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

(Expressed in Canadian Dollars)

4. Accounts receivable

Account receivable consist of receivables from non-related parties, totalling $480,916 (2019 - $Nil).

5. Prepaid expenses

	December 31, 2020 $	December 31, 2019 $
Legal retainer	29,861	-
Social media influencer (Note 14)	-	395,858
	29,861	395,858

6. Intangible assets

The Company acquired certain software, website applications and licenses related to the Company's online platform from an unrelated party pursuant to a development agreement. The agreement is dated February 2019 and is for an initial period of 36 months with automatic 12-month extensions, unless terminated (Note 14).

	Gaming Platform **$**	**Gaming License** **$**	**Total** **$**
Balance, December 31, 2018	-	-	-
Additions	334,750	-	334,750
Balance, December 31, 2019	334,750	-	334,750
Additions – asset acquisition (Note 8)	-	131,163	131,163
Additions – business combination (Note 9)	-	1,661,000	1,661,000
Depreciation	(24,796)	(4,418)	(29,214)
Foreign exchange	-	228	228
Balance, December 31, 2020	309,954	1,787,973	2,097,927

7. Accounts payable and accrued liabilities

	December 31, 2020	**December 31, 2019**
Accounts payable	$ 281,428	$ 274,733
Accrued liabilities	829,793	78,062
	$ 1,111,221	$ 352,795

(Expressed in Canadian Dollars)

8. Asset acquisition

On August 28, 2020, the Company acquired 100% of Deluxe Crown B.V. ("Deluxe Crown"), a private limited liability corporation governed by the laws the Curacao. Deluxe Crown owns a non-restricted license to operate online gaming issued by the Curacao Gaming Control Board.

As consideration, the Company has the following commitments:

- Cash payment of EUR 70,000 at the date of signing the agreement (paid); and,
- Cash payment of EUR 10,000 upon completion of certain obligations (consideration payable).

At the date of acquisition, Deluxe Crown had no significant operations. The acquisition has been accounted for by the Company as a purchase of an asset as the acquisition did not qualify as a business combination in accordance with IFRS 3 – *Business Combinations*.

Purchase Price:	$
Cash	115,532
Consideration payable	15,631
Intangible asset – Gaming license	131,163

9. Business combination

On December 15, 2020, the Company closed a business combination agreement to acquire a 100% interest in 1248134 B.C. Ltd. ("1248134"), a company incorporated in British Columbia, Canada. 1248134 is a holding Company which owns 100% of Redrush Online Private Ltd., which in turn owns a 67.4% interest in Esperanza Gaming Private Ltd. ("Esperenza"), both companies incorporated in India. Esperenza owns and operates various Indian poker brands. As consideration, the Company issued 7,859,600 common shares with a fair value of $1,571,920.

The acquisition has been accounted for using the acquisition method of accounting as the assets acquired, liabilities assumed, and operations of 1248134 met the definition of a business combination in accordance with IFRS 3 – *Business Combinations*. Management has determined the provisional allocation of the purchase price, based on the fair value of the consideration, to the fair value of the identifiable net assets acquired with the residual being goodwill as follows:

(Expressed in Canadian Dollars)

9. Business combination (Continued)

	$
Purchase price:	
7,859,600 common shares issued to acquire a 67.4% interest	1,571,920
Implied purchase price for 100% of the net assets of 1248134 (Esperenza)	2,329,959
Fair value of net assets acquired:	
Cash	251,878
Accounts receivable	357,872
Prepaids	14,870
Intangible assets (Note 6)	1,661,000
Property, plant, and equipment	3,988
Accounts payable	(474,974)
Loan payable (Note 10)	(18,493)
Deferred income tax liability	(316,000)
Identifiable net assets acquired	1,480,141
Net assets acquired attributable to the Company	997,615
Non-controlling interest – net assets acquired (Note 18)	482,526
	1,480,141
Total goodwill	849,818
Goodwill attributable to the Company	574,305
Non-controlling interest – goodwill (Note 18)	275,513
	849,818

The Company determined that 1248134's business plans were synergistic with the Company's overall business plan and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of 1248134 and its underlying assets.

The financial results of 1248134 have been consolidated from the date of acquisition, December 15, 2020. During the period from December 15, 2020 to December 31, 2020, the Company recorded a net income of $6,345 in the statement of loss related to the results of 1248134.

During the year ended December 31, 2020, the Company completed its annual assessment of the recoverable value of goodwill and determined that based on cash flow projections of the business of 1248134, the recoverable value of goodwill exceeded the carrying value of the operating unit ("CGUs"). The recoverable amount of each CGU was determined based on updated cash flow projections in light of the current COVID-19 pandemic. The cash flows are management's best projections based on current and anticipated market conditions covering a five-year period.

As at December 31, 2020, the Company determined that the recoverable amount of each CGU exceeding the carrying value. The Company did not record any impairment of goodwill.

(Expressed in Canadian Dollars)

10. Loans

		Total
Balance, December 31, 2018	$	-
Loans received		272,000
Balance, December 31, 2019		272,000
Loans received		1,156,113
Acquired on business combination (Note 9)		18,493
Repayments		(1,211,925)
Foreign exchange		44,642
Balance, December 31, 2020	$	279,323

During the year ended December 31, 2020, the Company received loans (the "Loans") of $542,976 from related parties, comprised of $369,146 (US $280,000) and $173,830. The Loans are non-interest bearing, due on demand and unsecured. During the year ended December 31, 2020, the Company repaid $380,394 (US $280,000) of these Loans. As at December 31, 2020, there is a balance owing of $40,767 owing to the former chief executive officer ("CEO") and $133,063 to a director of the Company.

During the year ended December 31, 2020, the Company received a loan of $333,234 (US $241,815) from an unrelated party. The loan is non-interest bearing, due on demand and unsecured. During the year ended December 31, 2020, the Company repaid this loan in full amounting to $363,858 (US $241,815).

During the year ended December 31, 2020, the Company received a loan of $87,000 from an unrelated party. The loan is non-interest bearing, due on demand and unsecured.

During the year ended December 31, 2019, the Company received a loan of $272,000 from a shareholder for a repurchase of common shares. During the year ended December 31, 2020, the Company received additional loan amounts of $152,208 and $40,695 (US $30,000). These loans are all non-interest bearing, due on demand and unsecured. During the year ended December 31, 2020, $467,673 was repaid for the outstanding balance.

11. Promissory notes

During the year ended December 31, 2020, the Company received funds pursuant to a promissory note for $597,000 (Note 13). The promissory loan is non-interest bearing, due on demand and unsecured.

12. Share capital

Common shares

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

During the year ended December 31, 2020:

Prior to the reverse takeover

On June 29, 2020, the Company issued 22,899,508 units for gross proceeds of $5,724,876. Each Unit ("Unit") consists of one common share and one warrant. Each warrant is exercisable at $0.50 for two years. Using the residual method, no value was attributed to the warrants. The Company paid share issuance cost of $59,900 and issued 227,600 finder warrants with a fair value of $20,247. The finder warrants are also exercisable at $0.50 for two years. The finder warrants were measured using the Black-Scholes Option Pricing Model with the following assumption range: Stock price – $0.25; exercise price – $0.50; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.25%.

12. Share capital (Continued)

During the year ended December 31, 2020: (Continued)

On April 1, 2020, the Company issued 2,500,000 common shares for gross proceeds of $50,000.

On April 1, 2020, the Company issued 4,437,000 common shares with a fair value of $1,109,250 to settle debt of $88,700. The Company realized a loss on settlement of debt of $1,020,550.

On June 30, 2020, the Company repurchased 9,229,333 common shares which were subsequently returned to treasury for $215,000.

On June 11, 2020, the Company issued 500,000 common shares with a fair value of $125,000 to settle debt of $10,000. The Company realized a loss on settlement of debt of $115,000.

On June 16, 2020, the Company entered into a collaboration agreement ("Collaboration Agreement") with Jolt Solutions Ltd. ("Jolt"). Pursuant to the terms of the Collaboration Agreement, Jolt will function as an operating partner to the Company. The Company issued 3,500,000 common shares with a fair value of $875,000 which has been recorded as share-based compensation.

Pursuant to the Social Media Influencer Agreement, as amended on March 30, 2020 (Note 14), the Company issued 4,807,555 common shares with a fair value of $1,201,889 which has been recorded as share-based compensation.

The Company issued 47,449,110 common shares, pursuant to the reverse takeover (Note 21), with a fair value of $11,862,278.

After the reverse takeover
During the year ended December 31, 2020, the Company issued 3,235,000 common shares pursuant to options exercises for gross proceeds of $323,500. The Company reclassified $624,661 from reserves to share capital.

During the year ended December 31, 2020, the Company issued 5,850,000 common shares pursuant to warrant exercises for gross proceeds of $1,392,500. The Company reclassified $1,066,727 from reserves to share capital.

On December 14, 2020, the Company issued 7,859,600 common shares with a fair value of $1,571,920 pursuant to the acquisition of 1248134 B.C. Ltd. (Note 9).

Pursuant to the terms of consulting agreements, the Company issued 1,562,000 common shares with a fair value of $480,980 in lieu of cash for consulting services.

During the year ended December 31, 2019:

During the year ended December 31, 2019, the Company issued 446,800 common shares with a fair value of $111,700 to unrelated parties as payment for services, which are included in consulting services.

On March 29, 2019, the Company completed a private placement and issued 3,800,000 common shares and raised gross proceeds of $950,000.

On April 4, 2019, the Company completed a private placement and issued 9,631,500 common shares and raised gross proceeds of $2,407,875.

On May 22, 2019, the Company completed a private placement and issued 800,000 common shares and raised gross proceeds of $200,000.

(Expressed in Canadian Dollars)

12. Share capital (Continued)

On September 23, 2019, the Company completed a private placement and issued 200,000 common shares and raised gross proceeds of $50,000.

During the year ended December 31, 2019, the Company incurred share issuance costs of $70,504.

During the year ended December 31, 2019, the Company repurchased 7,880,000 common shares which were subsequently returned to treasury for proceeds of $842,019. The Company incurred costs to repurchase shares of $18,120 which were recorded as an equity transaction against share capital.

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019 and 2018	-	$ -
Warrants issued during the year	97,556,706	0.29
Warrants exercised	(5,850,000)	0.24
Balance, December 31, 2020	91,706,706	$ 0.30

On December 18, 2020, the Company issued 6,000,000 warrants to various consultants with an exercise price of $0.25 and expires in two years. During the year ended December 31, 2020, the Company recognized $737,065 in share-based compensation expense related to these warrants. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumption range: Stock price – $0.24; exercise price – $0.25; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.24%.

On July 1, 2020, the Company issued 14,429,598 warrants with an exercise price of $0.25 and expires in two years. During the year ended December 31, 2020, the Company recognized $5,408,489 in share-based compensation expense related to these warrants. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumption range: Stock price – $0.54; exercise price – $0.25; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.26%.

As at December 31, 2020, the Company has outstanding warrants exercisable to acquire 91,706,706 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Remaining Contractual life (Years)
227,600	$0.50	June 26, 2022	1.48
22,899,508	$0.50	June 29, 2022	1.49
6,650,000	$0.05	June 29, 2022	1.49
13,429,598	$0.25	July 1, 2022	1.50
6,000,000	$0.25	December 18, 2022	1.96
2,500,000	$0.25	June 1, 2023	2.42
40,000,000	$0.25	June 2, 2023	2.42
91,706,706			1.95

(Expressed in Canadian Dollars)

12. Share capital (continued)

Options

The Company has a share option plan that was approved by the shareholders on June 17, 2020 that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The share option plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the share option plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. The exercise price of each option is set by the Board of Directors within regulatory guidelines. Options can have a maximum term of five (5) years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of option activity is as follows:

	Number of Options issued	Weighted Average Exercise Price	
Balance, December 31, 2019 and 2018	-	$	-
Options granted	7,860,000	$	0.16
Options exercised*	(3,235,000)	$	0.10
Balance, December 31, 2020	4,625,000	$	0.10

* The weighted average share price on the date of exercise was $0.29 per common share.

As at December 31, 2020, the Company has outstanding options exercisable to acquire 4,625,000 shares as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining Contractual life (Years)
765,000	765,000	$0.10	June 1, 2023	2.42
3,860,000	1,286,667	$0.25	July 1, 2023	2.50
4,625,000	2,051,667			2.49

On June 26, 2020, the Company granted 4,000,000 stock options to various directors, officers and consultants of the Company with an exercise price of $0.10 with a term of 3 years. During the year ended December 31, 2020, the Company recognized $772,378 in stock-based compensation expense related to these stock options. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.25; exercise price – $0.10; expected life – 3 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.25%.

On July 1, 2020, the Company issued 3,860,000 options to officer, directors and consultants with an exercise price of $0.25 expiring on July 1, 2023. The options vest 1/3 on the date of issuance, 1/3 on the 6 month anniversary and 1/3 on the one year anniversary. During the year ended December 31, 2020, the Company recognized stock-based compensation of $1,387,853 related to these stock options. The options were measured using Black-Scholes Option Pricing Model with a total fair value of $1,563,991 with the following assumptions: Stock price – $0.54; exercise price – $0.25; expected life – 3 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.26%.

Reserves
Reserves consist of stock option related share-based compensation and finders warrant values.

(Expressed in Canadian Dollars)

13. Related party transactions

Transactions with key management personnel

Key management personnel include those who have authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, key shareholders and its executive officers.

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consists of its directors and officers.

	December 31, 2020 $	December 31, 2019 $
Consulting fees paid or accrued to a director of the Company	-	218,079
Consulting fees paid or accrued to a Company controlled by the former vice president	-	281,000
	-	499,079

During the year-ended December 31, 2020, the Company granted 1,000,000 stock options to executive directors of the Company as stock-based compensation. This resulted in share-based compensation expense of $359,548 included in the consolidated statements of loss and comprehensive loss.

As at December 31, 2020, the Company has outstanding shareholder loans due to a director of the Company, totalling $133,063 (December 31, 2019 - $Nil) which is included in the loan balance in the consolidated statement of financial position. Additionally, the Company has promissory note payable to the same director for $160,000 included in promissory notes in the consolidated statement of financial position. The loans are non-interest bearing, due on demand, and unsecured.

During the year ended December 31, 2020, the Company received loans from the former CEO, totalling $409,913 (December 31, 2019 - $Nil), comprised of $369,146 (US $280,000) and $40,767 of which $380,394 (US $280,000) was repaid during the year. As of December 31, 2020, the Company has an outstanding payable balance of $40,767 which is included in the loan balance reported in the consolidated statement of financial position. The loans are non-interest bearing, due on demand, and unsecured.

14. Commitments

On November 6, 2018, as amended March 30, 2020, the Company entered into a Social Media Influencer Agreement with an unrelated party. This individual will promote the BlitzBet brand to prospective customers. The agreement commences once the Company completes a going public transaction by way of reverse takeover, IPO, or other similar transaction. Following the commencement date, the Company will pay the unrelated party individual $1,200,000 United States dollars per annum.

On June 17, 2020, Esperanza entered into a Network Agreement for the use of an unrelated party's online gambling platform. As part of this agreement, Esperanza is required to pay network fees which are the higher of either (a) INR 300,000 per month or (b) revenue share that is equal to 13.5% of the gross rake for the relevant month. These are to be paid to the network provider on a monthly basis.

On February 12, 2019, pursuant to a development agreement (Note 6), the Company is required to pay a 21% royalty on revenues earned from using the developed platform.

14. Commitments (Continued)

Consideration paid to certain consultants from private placement proceeds:
On June 29, 2020, the Company issued 22,899,508 units for gross proceeds of $5,724,876. Of the gross proceeds, $236,177 was raised through consultants, which were to satisfy the Company's obligations under those consulting agreements, of which $48,300 pertained to consulting fees provided by and individual related to a director of the Company.

15. Financial instruments and risk management

The Company classifies its financial instruments into categories as follows: cash at fair value through profit or loss and accounts payable and accrued liabilities and loans at amortized cost.

Fair value

Cash is carried at fair market value based on quoted market prices in an active market. The carrying value of due from related party and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

(a) Overview

The Company examines various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company’s ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Company has exposure to the following risks from its use of financial instruments:

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company’s cash is held in bank accounts, which have nominal interest rates attached to them; therefore, fluctuations in market interest rates would not have a material impact on their fair market values as at December 31, 2020 and 2019. The Company’s loans do not bear interest or has a fixed interest rate. As such, the interest rate risk is low.

15. Financial instruments and risk management (Continued)

(ii) Foreign currency risk

The Company has assets denominated in Canadian, US dollars, and Indian Rupee and, as a consequence, the financial results of the Company's operations as reported in Canadian dollars are subject to changes in the value of the Canadian dollar relative to the United States dollar and Indian Rupee. Therefore, exchange rate movements in the United States dollar and Indian Rupee can have a significant impact on the Company's operating results due to the translation of monetary assets.

Assuming all other variables remain constant, a 7% weakening or strengthening of the Indian Rupee and US dollar against the Canadian dollar would result in approximately $135,378 (2019 - $nil) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2020, the Company had the following financial instruments denominated in foreign currencies:

Stated in Canadian dollars

	Indian Rupee	**US Dollar**	**Total**
Cash	1,857,205	118,145	1,975,350
Accounts receivable	380,925	40,051	420,976
Accounts payable and accrued liabilities	(355,156)	-	(355,156)
Loans (payable)	(20,455)	-	(20,455)
Net	1,862,519	158,196	2,020,715

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant other price risks.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk is limited to its cash balances. The risk exposure is limited to the carrying amounts at the statement of financial position dates. The Company's cash balances are held in accounts at a major Canadian financial institution. The credit risk associated with cash is mitigated, as cash is held at major institutions with high credit ratings.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company assesses its liquidity risk by forecasting cash flows required by operations and anticipated financing activities.

As at December 31, 2020, the Company has working capital of $908,372 (December 31, 2019 – deficiency of $153,465). The Company relies upon debt and equity financing to maintain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

The Company's accounts payable and accrued liabilities are due in the short-term (0 to 3 months)

(Expressed in Canadian Dollars)

16. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity, comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains the same for the years presented.

17. Contingencies

During the year ended December 31, 2019, a claim was made against the Company by a former legal counsel for disputed legal fees. During the year ended December 31, 2020, the Company paid $70,000 and settled the claim, totalling $89,573. The Company recorded a gain on settlement of debt of $19,573.

Subsequent to December 31, 2020, a claim was made against the Company by an unrelated party seeking damages for breach of contract and unlawful use of the individual's name and image. The plaintiff is seeking compensation of up to $29 million in cash or a combination of cash and common shares of the Company. The outcome of this claim cannot be determined and no provision has been made in these consolidated financial statements.

Subsequent to December 31, 2020, the Company received legal correspondence related to a potential claim for wrongful dismissal from a former officer of the Company. The outcome of this potential claim cannot be determined and no provision has been made in these consolidated financial statements.

18. Non-controlling interest

The following table presents the summarized financial information of Esperanza Gaming Private Limited, the Company's subsidiary in which the non-controlling interest holds a 32.6% interest. This information represents amounts before intercompany eliminations.

	December 31, 2020
	$
Current assets	535,341
Non-current assets	2,510,549
Current liabilities	355,093
Non-current liabilities	316,000
Revenues for the period from acquisition to December 31, 2020	57,816
Net income for the period from acquisition to December 31, 2020	35,596

The net change in non-controlling interest is as follows:

	$
Non-controlling interest, December 31, 2019	-
Fair value of non-controlling interest on acquisition (Note 9)	758,039
Non-controlling interest in income of Esperenza to December 31, 2020	11,581
Total non-controlling interest, December 31, 2020	769,620

(Expressed in Canadian Dollars)

19. Income tax

The provision for income taxes reported differs from the amount computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

		2020		2019
Loss before income taxes	$	(31,166,344)	$	(2,497,995)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(8,414,914)		(674,459)
Differences between Canadian and foreign tax rates		1,068		-
Items not deductible for tax purposes		6,590,279		-
Under (over) provided in prior years		-		(32,398)
Changes in deferred tax asset not recognized		1,823,567		706,857
Total income tax recovery	$	-	$	-

The Company recognizes tax benefits on losses and other deductible amounts where it is probable that the Company will generate sufficient taxable income to utilize its deferred tax assets. The tax effected items that give rise to significant portions of deferred income tax at December 31, 2020 and 2019 are as follows:

		2020		2019
Deferred tax assets:				
Non-capital loss carryforwards	$	96,463	$	-
Deferred tax liabilities:		-		
Goodwill and intangible assets		(412,463)		-
Net deferred tax liability	$	(316,000)	$	-

The Company's unrecognized temporary differences and unused tax losses for which no deferred tax assets are recognized as of December 31, 2020 and 2019 are as follows:

		2020		2019
Non-capital loss carryforwards	$	9,656,697	$	2,732,871
Share issue costs		106,419		70,504
Other		7,647		-
Unrecognized deferred tax assets		(9,770,763)		(2,803,375)
Net deferred tax assets	$	-	$	-

As at December 31, 2020, the Company has non-capital losses carried forward of approximately $10,104,000 (2019 - $2,733,000) including $9,455,000 (2019 - $2,733,000) in Canada, $447,000 (2019 - $Nil) in India, $176,000 (2019 - $Nil) in Curacao, and $26,000 (2019 - $Nil) in Malta. These losses begin expiring in 2026.

20. Segmented information

(Expressed in Canadian Dollars)

The Company has one reportable operating segment, the development and provision of online and mobile sports gambling and betting products. The Company operates in three geographical jurisdictions, Canada, United Kingdom, and India.

	Canada $	United Kingdom $	India $	Total $
Year ended December 31, 2020				
Revenue	-	306,883	57,816	364,699
Net income (loss)	(31,130,589)	(42,100)	6,345	(30,166,344)
Year ended December 31, 2019				
Revenue	-	-	-	-
Net loss	(2,497,955)	-	-	(2,497,955)
As at December 31, 2020				
Total assets	415,360	697,210	4,799,741	5,912,311
Total liabilities	(1,574,179)	(74,356)	(719,738)	(2,368,273)
As at December 31, 2019				
Total assets	806,080	-	-	806,080
Total liabilities	(624,795)	-	-	(624,795)

21. Reverse take over of Fairmont Resources Inc.

On June 18, 2020, the Company (formerly named Fairmont Resources Inc., or “Fairmont”), and its wholly-owned subsidiary, entered into a business combination agreement (the “Business Combination Agreement”) with Influencers Interactive Inc. (“Influencers”), pursuant to which the parties completed the acquisition of 100% of the issued and outstanding shares of Influencers by way of a three-cornered amalgamation. The acquisition was deemed to be a reverse takeover (“RTO”) of the Company by the shareholders of Influencers, since the legal acquiree is the accounting acquirer.

Immediately prior to the effective date, Fairmont underwent a series of equity transactions, including consolidation its shares on the basis of one post consolidation share for each ten pre-consolidated shares and adjusted outstanding share purchase warrants, settled debt of $1,600,000 for 40,000,000 units (“Unit”) and issued 7,000,000 finder Units. Each Unit consisted of one common share and one warrant with an exercise price of $0.25 and expires on June 29, 2023. Immediately prior to the completion of the RTO, Fairmont had 47,449,110 common shares issued and outstanding. On June 29, 2020 (“Effective Date”), the Business Combination Agreement was completed whereby Fairmont issued 89,872,140 common shares to acquire the interest in Influencers. In addition, Influencers issued 7,000,000 warrants to Fairmont’s former management with an exercise price of $0.25 and expires on June 1, 2023. Upon completion of the RTO, Fairmont changed its name to I3 Interactive Inc. Common shares were exchanged for equivalent securities of Fairmont on the basis of one Influencers share for every 1 share of Fairmont.

The warrants were measured using the Black-Scholes Option Pricing Model with the following assumption range: Stock price – $0.25; exercise price – $0.25; expected life – 3 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.26%.

(Expressed in Canadian Dollars)

21. Reverse take over (Continued)

The RTO has been accounted for as if Influencers issued its own shares to acquire the shares of the Company through the issuance of 47,449,110 common shares at an estimated fair value of $0.25 per share. As the Company did not meet the definition of a business in accordance with IFRS 3 – *Business Combinations* the transaction has been accounted for in accordance with IFRS 2, *Share-based payments*. As Influencers is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The Company's results of operations have been included from the effective date. This difference between the deemed purchase consideration and he net assets of the Company acquired is treated as a listing expense as follows:

Fair value of 47,449,110 common shares deemed issued	$	11,862,278
Cash		39,160
Taxes recoverable		29,205
Accounts payable		(20,000)
Net identifiable assets acquired		48,365
Listing expense	$	11,813,913

22. Subsequent events

Subsequent to December 31, 2020, the Company issued 19,881,289 common shares pursuant to warrant exercises for gross proceeds of $4,545,446.

Subsequent to December 31, 2020, the Company issued 811,666 common shares pursuant to option exercises for gross proceeds of $164,667.

Subsequent to December 31, 2020, the Company entered into four promissory note agreements with shareholders of the Company for a total principal value of $653,937. These promissory notes are non-interest bearing, due on demand and unsecured.

On February 5, 2021, the Company completed a non-brokered private placement and issued 6,666,667 Units ("Unit") of for gross proceeds of $1,500,000. Each Unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share for a two-year period with an exercise price of $0.40. In conjunction with the private placement, the Company paid finder's fees of $120,000 and issued 533,333 finder warrants to an unrelated party. Each finder's warrant is exercisable into one common share for a two-year period with an exercise price of $0.40.

On January 24, 2021, the Company entered into a debt settlement agreement with an unrelated service provider and a director and officer of the Company to settle $205,194 and $138,000 in debt, respectively. The Company issued 2,179,009 common shares to settle the total debt of $343,194.

22. Subsequent events (Continued)

On January 19, 2021, through the Company's subsidiary, Redrush, the Company entered into an investment agreement with Livepools Private Limited ("LivePools"). LivePools is a company registered in India and is focused on fantasy sports, rummy and real money skill-based games and has been in operations since 2018.

As consideration, the Company has the following commitments:
- Pay US $1,400,000 for 12.61% of LivePools ("Initial Tranche") (paid in January 2021);
- Pay US $2,350,000 for 18.11% of LivePools ("Second Tranche");
- Pay US $1,875,000 for 11.08% of LivePools ("Third Tranche"); and,
- Pay US $1,875,000 for 9.2% of LivePools ("Fourth Tranche")

The Company has the option to acquire the remaining 49% through an additional payment of US $7,500,000.

On January 25, 2021, the Company issued 12,000,000 finder units to an unrelated party, pursuant to the acquisition of LivePools. Each finder unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.21 for a two-year period.

On April 17, 2021, the Company entered into a letter of intent ("LOI") to combine with an unrelated private company ("Target") in the online gaming space in India. The Company intends to finalize a formal sale and purchase agreement by May 30, 2021 (the "Acquisition") to acquire all of the outstanding securities of the Target. The closing of the transaction is subject to a number of conditions, including but not limited to regulatory and shareholder approval.