

I3 Interactive Inc.
(Formerly, Interactive Games Technologies Inc.)
Condensed Interim consolidated financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

I3 Interactive Inc. (Formerly, Interactive Games Technologies Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	Notes	March 31, 2021 \$	December 31, 2020 (audited) \$
ASSETS			
Current assets			
Cash		4,591,690	2,289,326
Accounts receivable	4	887,355	480,916
Taxes receivable		210,745	160,542
Due from shareholder	13	804,136	-
Prepaid expenses	5	885,903	29,861
		7,379,829	2,960,645
Non-current assets			
Property, plant, and equipment	9	87,986	3,921
Goodwill	9	24,247,908	849,818
Intangible assets	6	2,050,109	2,097,927
TOTAL ASSETS		33,765,832	5,912,311
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,058,131	1,111,221
Royalty payable	14	85,860	49,098
Consideration payable	8	-	15,631
Promissory notes	11	750,000	597,000
Loans	10	89,126	279,323
		1,983,117	2,052,273
Non-current liabilities			
Deferred income tax liability	9,19	321,249	316,000
TOTAL LIABILITIES		2,304,336	2,368,273
SHAREHOLDERS' EQUITY			
Share capital	12	39,838,656	28,957,086
Reserves	12	7,919,461	7,710,945
Non-controlling interest	18	19,467,114	769,620
Accumulated other comprehensive loss		(101,211)	(53,321)
Subscription receivable		(150,000)	-
Deficit		(35,512,554)	(33,840,292)
TOTAL SHAREHOLDERS' EQUITY		31,461,466	3,544,038
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		33,765,832	5,912,311

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board on May 31, 2021:

"Troy Grant"

Troy Grant, Director

"Binyomin Posen"

Binyomin Posen, Director

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

I3 Interactive Inc. (Formerly, Interactive Games Technologies Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the three-month period ended,	Notes	March 31, 2021	March 31, 2020
Revenues		568,293	-
Cost of sales		(38,335)	-
Gross margin		529,958	-
Expenses			
Consulting		231,428	39,429
Marketing		253,246	-
Depreciation	6	68,145	-
Foreign exchange		4,022	26,937
IT support		820,591	-
Office expenditures		208,479	-
Professional fees		191,034	360
Research and development		39,539	-
Share-based compensation		527,393	-
		(2,538,113)	(66,726)
Other expenses			
Loss on debt settlement		(125,293)	-
Net loss		(2,133,448)	-
Other comprehensive loss			
Foreign exchange translation adjustment		(47,890)	-
Net loss and comprehensive loss		(2,181,338)	(66,726)
Net loss attributable to:			
Shareholders of the Company		(1,672,262)	(66,726)
Non-controlling interest		(461,186)	-
Net loss		(2,133,448)	(66,726)
Other comprehensive loss attributable to:			
Shareholders of the Company	\$	(1,672,262)	\$ (66,726)
Non-controlling interest		(509,076)	-
		(2,133,448)	(66,726)
		\$	\$
Loss per share – basic and diluted		\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding		168,854,057	59,207,410

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

I3 Interactive Inc. (Formerly, Interactive Games Technologies Inc.)
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the periods ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Share capital			Share subscription receivable \$	Accumulated other comprehensive loss \$	Non- controlling interest \$	Deficit \$	Total \$
	Number of shares #	Amount \$	Reserve \$					
Balance at December 31, 2019	59,207,410	2,843,652	-	-	-	-	(2,662,367)	181,285
loss for the period	-	-	-	-	-	-	(66,726)	(66,726)
Balance at March 31, 2020	59,207,410	2,843,652	-	-	-	-	(2,729,093)	114,559
Balance at December 31, 2020	154,577,850	28,957,086	7,710,945	-	(53,321)	769,620	(33,840,292)	3,544,038
Private placement, net of share issuance cost	6,666,667	1,199,295	268,010	-	-	-	-	1,467,305
Transaction cost for acquisition of LivePools	12,000,000	2,580,000	1,451,788	-	-	-	-	4,031,788
Debt settlement	2,179,009	468,487	-	-	-	-	-	468,487
Option exercises	811,666	479,068	(314,401)	-	-	-	-	164,667
Warrant exercises	19,821,290	6,154,720	(1,624,274)	-	-	-	-	4,530,446
Share based compensation	-	-	427,393	-	-	-	-	-
Share subscription receivable	-	-	-	(150,000)	-	-	-	(150,000)
Accumulated other comprehensive loss	-	-	-	-	(47,890)	-	-	(47,890)
Acquired non-controlling interest	-	-	-	-	-	19,158,680	-	19,158,680
Loss for the period	-	-	-	-	-	(461,186)	(1,672,262)	(2,133,448)
Balance at March 31, 2021	190,056,482	39,838,656	7,919,461	(150,000)	(101,211)	19,467,114	(35,512,554)	31,461,466

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

I3 Interactive Inc. (Formerly Interactive Games Technologies Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the three month period ended,	March 31, 2021	March 31, 2020
Operating activities		
Net loss for the period	(2,133,448)	\$ (66,726)
Items not affecting cash		
Amortization	68,145	-
Gain on settlement of debt	125,293	-
Foreign exchange	(25,297)	19,440
Share based compensation	427,393	-
Changes in non-cash working capital items:		
Amounts receivable	(364,131)	-
Prepaid expenses	(792,149)	(407,940)
GST receivable	(50,203)	-
Royalty payable	37,368	-
Due to shareholder	(639,709)	-
Accounts payable and accrued liabilities	(343,673)	48,596
Net cash used in operating activities	(3,695,411)	(406,630)
Investing activities		
Purchase of equipment	(38,597)	-
Consideration payable	(15,632)	-
Cash acquired from LivePools	39,502	-
Net cash used in investing activities	(15,727)	-
Financing activities		
Private placement, net of share issuance cost	1,467,305	-
Options exercised	164,667	-
Warrants exercised	3,752,509	-
Loans	650,000	406,170
Net cash provided by financing activities	6,034,481	406,170
Foreign exchange	(20,979)	-
Increase (decrease) in cash	2,323,343	(460)
Cash, beginning of period	2,289,326	19,318
Cash, end of period	4,591,690	\$ 18,858

Supplemental cash flow information (Note 12)

1. Nature of operations and going concern

I3 Interactive Inc. (formerly Interactive Games Technologies 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 May 9, 2021, the Company completed its corporate name change from Interactive Games Technologies Inc. to I3 Interactive Inc.

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 condensed interim 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.

These condensed interim 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 March 31, 2021, the Company has a deficit of \$35,512,554 (2020 - \$33,840,292) and incurred a net loss of \$2,133,448 (2020 - \$31,166,344). 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 condensed interim 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 condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standard (“IFRS”), as set out in the CPA Canada Handbook – Accounting (“CPA Handbook”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on May 31, 2021.

2. Basis of presentation (Continued)

Statement of compliance (continued)

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020.

Basis of measurement

The Company’s condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

Consolidation

The condensed interim 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	Functional Currency
		March 31, 2021	
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
LivePools Private Limited	India	12.61%	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 condensed interim consolidated financial statements are in Canadian dollars unless stated otherwise.

3. Summary of significant accounting policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited consolidated financial statements for the year ended December 31, 2020.

3. Summary of significant accounting policies (Continued)

The preparation of the condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Recent Accounting Pronouncements

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.

4. Accounts receivable

Account receivable consist of receivables from non-related parties, totalling \$887,355 (2020 - \$480,916).

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5. Prepaid expenses

	March 31, 2021	December 31, 2020
	\$	\$
Retainers	58,775	29,861
Corporate development	827,128	-
	<u>885,903</u>	<u>29,861</u>

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, 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
Additions – business combination	-	-	-
Depreciation	(18,597)	(23,451)	(42,048)
Foreign exchange	-	(5,770)	(5,770)
Balance, March 31, 2021	<u>291,357</u>	<u>1,758,752</u>	<u>2,050,109</u>

7. Accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
Accounts payable	\$ 1,009,163	\$ 281,428
Accrued liabilities	48,968	829,793
	<u>\$ 1,058,131</u>	<u>\$ 1,111,221</u>

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 (paid).

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 (Note 6)	131,163

9. Business combination

1248134 B.C. Ltd.

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. (“Esperanza”), both companies incorporated in India. Esperanza 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:

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9. Business combination (Continued)

1248134 B.C. Ltd. (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
Prepays	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 and March 31, 2021, the Company determined that the recoverable amount of each CGU exceeding the carrying value. The Company did not record any impairment of goodwill.

9. Business combination (Continued)

LivePools Private Limited

On January 25, 2021 ("Closing Date"), the Company closed the initial tranche of the acquisition of LivePools Private Limited ("LivePools"). The Company's subsidiary Redrush Online Private Limited ("Redrush") paid an initial tranche of \$1,835,000 (US \$1,400,000) and in return, received 10,125 shares of LivePools, being 12.61% of LivePools. Unless otherwise agreed, the remaining three tranches ("Tranches") are expected to close on or before April 1, 2021 (paid subsequently), October 12, 2021 and February 1, 2022, respectively, for a total additional consideration of US\$6,100,000. After completion of the Tranches, the Company will own 51% of LivePools. The Company has an option to acquire the remaining 49% of LivePools for additional consideration of US \$7,500,000, which expires one year from the Closing Date.

As a part of closing the initial tranche, the Company paid an arm's length finder 12,000,000 units ("Units") ("Transaction Costs"). Each Unit consists of one common share in the capital of the Company (each, a "Share") and one Share purchase warrant of the Company (each, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional Share (each a "Warrant Share") at an exercise price of \$0.21 per Warrant Share for a period of two years from the date of issuance of the Warrants. The fair value of the common shares was estimated using a level 1 input on the date of issuance, totalling \$2,580,000. The warrants were measured using the Black-Scholes Option Pricing Model with an estimated fair value of \$1,451,788 with the following assumption range: Stock price – \$0.215; exercise price – \$0.21; expected life – 2 years; volatility – 108; dividend yield – \$0; and risk-free rate – 0.17%.

On the Closing Date, the Company has the option to appoint two out of three members of LivePools Board of Directors and has 51% of LivePools shareholder voting rights. As such, the Company has established control on the date of acquisition. The acquisition has been accounted for using the acquisition method of accounting as the assets acquired, liabilities assumed, and operations of LivePool met the definition of a business combination in accordance with IFRS 3 – *Business Combinations*.

The Company determined that LivePools 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 LivePool and its underlying assets.

The financial results of LivePools have been consolidated from the date of acquisition, January 22, 2021. During the period from January 22, 2021 to March 31, 2021, the Company recorded a net loss of \$437,198 in the statement of loss related to the results of LivePools.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

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9. Business combination (Continued)

LivePools Private Limited

	\$
Purchase price:	
Cash paid of \$1,835,000 for 12.61% of LivePools	1,835,000
Implied purchase price for 100% of the net assets of LivePools	19,158,680
Transaction Costs	4,031,788
Consideration paid	23,190,468
Fair value of net assets acquired:	
Cash	39,502
Accounts receivable	114,973
Property, plant, and equipment	71,471
Accounts payable	(391,045)
Provisions	(38,450)
Deferred income tax liability	(4,073)
Identifiable net assets acquired	(207,622)
Net liabilities acquired attributable to the Company	(26,181)
Non-controlling interest – net liabilities acquired (Note 18)	(181,441)
	(207,622)
Total goodwill	23,398,090
Goodwill attributable to the Company	4,057,969
Non-controlling interest – goodwill (Note 18)	19,340,121
	23,398,090

10. Loans

	Total
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
Warrant conversion	(130,937)
Settlement of debt for shares	(105,194)
Transfer to shareholder loan receivable (Note 13)	64,428
Foreign exchange	(18,494)
Balance, March 31, 2021	\$ 89,126

During the period ended March 31, 2021, lenders converted loans into warrant exercises, totalling \$130,937. In addition, the Company issued 1,051,930 common shares with a fair value of \$226,165 and settled debt of \$105,194.

As at March 31, 2021, outstanding loans consist of \$59,126. The loans are non-interest bearing, due on demand and are unsecured.

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11. Promissory notes

		Total
Balance, December 31, 2019		-
Loans received		597,000
Balance, December 31, 2020	\$	597,000
Warrant conversion		(497,000)
Loans received		650,000
Balance, March 31, 2021	\$	750,000

During the period ended March 31, 2021, lenders converted promissory notes into warrant exercises and the Company issued 2,366,667 common shares. The promissory loans are 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 period ended March 31, 2021:

On January 25, 2021, the Company issued 2,179,009 common shares with a fair value of \$468,487 to settle debt of \$343,194. The Company realized a loss on settlement of debt of \$125,293.

As a part of closing the initial tranche, the Company paid an arm's length finder 12,000,000 units ("Units") ("Transaction Costs"). Each Unit consists of one common share in the capital of the Company (each, a "Share") and one Share purchase warrant of the Company (each, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional Share (each a "Warrant Share") at an exercise price of \$0.21 per Warrant Share for a period of two years from the date of issuance of the Warrants. The fair value of the common shares was estimated using a level 1 input on the date of issuance, totalling \$2,580,000. The warrants were measured using the Black-Scholes Option Pricing Model with an estimated fair value of \$1,451,788 with the following assumption range: Stock price – \$0.215; exercise price – \$0.21; expected life – 2 years; volatility – 108; dividend yield – \$0; and risk-free rate – 0.17%.

On February 11, 2021, the Company completed a non-brokered private placement of 6,666,667 units of the Company (the "Units") for gross proceeds of \$1,500,000. The Company paid finder fees of \$32,695 and issued 533,333 finder warrants. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.40 for a period of 2 years. The finder's warrants were measured using the Black-Scholes Option Pricing Model with the following assumption range: Stock price – \$0.68 exercise price – \$0.40; expected life – 2 years; volatility – 133%; dividend yield – \$0; and risk-free rate – 0.26%.

During the period ended March 31, 2021, the Company issued 19,821,290 common shares for gross proceeds of \$4,530,446 pursuant to warrants exercises. The Company reclassified \$1,624,274 from reserves to share capital. The Company has a subscription receivable of \$150,000 pursuant to the warrant exercises.

During the period ended March 31, 2021, the Company issued total of 811,666 common shares for gross proceeds of \$164,667 pursuant to options exercises. The Company reclassified \$314,401 from reserves to share capital.

12. Share capital (Continued)

During the period ended March 31, 2020:

The Company did not issue any common shares during the period ended March 31, 2020.

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	-	\$ -
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
Warrants issued during the period	18,666,667	0.28
Warrants exercised	(19,821,290)	0.23
Balance, March 31, 2021	90,504,083	0.31

On February 11, 2021, the Company issued 6,666,667 warrants pursuant to the completed non-brokered private placement. Using the residual method, no value was attributed to these warrants.

As at March 31, 2021, the Company has outstanding warrants exercisable to acquire 90,504,083 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Remaining Contractual life (Years)
179,600	\$0.50	June 26, 2022	1.24
21,805,540	\$0.50	June 29, 2022	1.25
4,340,000	\$0.05	June 29, 2022	1.25
12,031,498	\$0.25	July 1, 2022	1.25
2,800,000	\$0.25	December 18, 2022	1.72
36,590,000	\$0.25	June 2, 2023	2.17
6,090,778	\$0.21	January 24, 2023	1.82
6,666,667	\$0.40	February 11, 2023	1.87
90,504,083			

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.

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12. Share capital (Continued)

Options (continued)

A summary of option activity is as follows:

	Number of Options issued	Weighted Average Exercise Price
Balance, December 31, 2019 and 2018	-	\$ 0.10
Options granted	7,860,000	\$ 0.16
Options exercised*	(3,235,000)	\$ 0.10
Balance, December 31, 2020	4,625,000	\$ 0.10
Options granted	2,818,500	\$ 0.50
Options exercised	(811,666)	\$ 0.20
Balance, March 31, 2021	6,631,834	\$ 0.34

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

As at March 31, 2021, the Company has outstanding options exercisable to acquire 6,631,834 shares as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining Contractual life (Years)
510,000	510,000	\$0.10	June 1, 2023	2.25
3,303,334	2,202,223	\$0.25	July 1, 2023	2.25
2,500,000	555,555	\$0.50	March 22, 2024	2.98
318,500	318,500	\$0.50	March 22, 2024	2.98
6,631,834	3,586,278			

On March 22, 2021, the Company granted 2,818,500 stock options to various directors, officers and consultants of the Company with an exercise price of \$0.50 with a term of 3 years. 874,055 of the options vested immediately, with the remainder vesting evenly until February 6, 2024. The options were measured Black-Scholes Option Pricing Model with a total fair value of \$675,209 with the following assumptions: Stock price – \$0.50; exercise price – \$ 0.50; expected life – 3 years; volatility – 135%; dividend yield – \$0; and risk-free rate – 0.27%. During the period ended March 31, 2021, the Company recognized share based compensation of \$338,144.

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 period ended March 31, 2021, the Company recognized stock-based compensation of \$86,888 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, transaction costs and finders warrant values.

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.

	March 31, 2021	March 31, 2020
	\$	\$
Consulting fees paid or accrued to a director of the Company	-	39,429
	-	39,429

As at March 31, 2021, the Company has outstanding shareholder loans due to a director of the Company, totalling \$100,000 (December 31, 2020 - \$133,063) which is included in the loan balance in the consolidated statement of financial position. The loans are non-interest bearing, due on demand, and unsecured.

During the period ended March 31, 2021, the Company has a shareholder loan receivable of \$804,136 (December 31, 2020 - \$ payable of \$40,766). As of March 31, 2021, the amount is outstanding in full which is included in the shareholders loan receivable 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 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.

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.

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 March 31, 2021. The Company's loans do not bear interest or has a fixed interest rate. As such, the interest rate risk is low.

(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 \$102,514 (2020 - \$135,378) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

15. Financial instruments and risk management (Continued)

At March 31, 2021, the Company had the following financial instruments denominated in foreign currencies:

Stated in Canadian dollars

	Indian Rupee	US Dollar	Total
Cash	1,330,081	156,087	1,486,168
Accounts receivable	887,355	-	887,355
Accounts payable and accrued liabilities	(910,398)	(91,059)	(1,001,457)
Net	1,307,038	65,028	1,372,066

At December 31, 2021, 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 \$5,396,712 (December 31, 2020 \$3,859,998). 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)

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 period ended March 31, 2021, 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 condensed interim consolidated financial statements.

During the period ended March 31, 2021, 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 condensed interim 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.

	March 31, 2021	December 31, 2020
		\$
Current assets	857,627	535,341
Non-current assets	2,322,916	2,510,549
Current liabilities	495,595	355,093
Non-current liabilities	-	316,000
Revenues for the period	274,139	57,816
Net income (loss) for the period	(68,538)	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 Esperanza to December 31, 2020	11,581
Total non-controlling interest, December 31, 2020	769,620
Non-controlling interest in loss of Esperanza to March 31, 2021	(23,988)
Total non-controlling interest, March 31, 2021	745,632

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18. Non-controlling interest (continued)

The following table presents the summarized financial information of LivePools, the Company's subsidiary in which the non-controlling interest holds a 12.61% interest. This information represents amounts before intercompany eliminations.

	March 31, 2021
Current assets	1,280,559
Non-current assets	83,233
Current liabilities	(344,856)
Revenues for the period	111,604
Loss for the period	(437,198)

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

	\$
Non-controlling interest, December 31, 2020	-
Fair value of non-controlling interest on acquisition (Note 9)	19,158,680
Non-controlling interest in loss of LivePools to March 31, 2021	(437,198)
Total non-controlling interest, March 31, 2021	18,721,482

19. Segmented information

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
	\$	\$	\$	\$
March 31, 2021				
Revenue	-	182,550	385,743	568,743
Net income (loss)	(1,211,277)	(82,191)	(839,980)	(2,133,448)
March 31, 2020				
Revenue	-	-	-	-
Net income (loss)	(66,726)	-	-	(66,726)
As at March 31, 2021				
Total assets	4,961,397	578,607	28,225,828	33,765,832
Total liabilities	(981,661)	(91,059)	(1,231,646)	(2,304,366)
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)

20. 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%.

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 condensed interim 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 the 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

21. Subsequent events

On April 1, 2021, the Company completed the second payment of its previously announced acquisition of 51% of LivePools Private Limited (“LivePools”), a skill-based fantasy sports company, which has since been rebranded as BLITZPOOLS. The Company’s subsidiary Redrush Online Private Limited (“Redrush”), has closed on the second tranche of US\$2,350,000 and now owns 27,120 shares of LivePools, being 30.72% of the economic ownership in LivePools.

21. Subsequent events (continued)

On April 20, 2021, the Company entered into a binding letter of intent (the "LOI") to merge with a leading company in the online gaming space in India ("Target"). This transaction (the "Transaction") aims to transform IGT.BET's existing business by accelerating its mission to achieve a user base of over 20 million players across Fantasy Sports, Poker, Rummy and Mobile eSports by the end of 2022. The objective of the Company on a post-Transaction basis is to grow the combined revenue of the entities to exceed USD\$50 million within the next 2 years. The Transaction, an arm's length transaction, if completed, will constitute a "fundamental change" for the Company under the policies of the Canadian Securities Exchange (the "CSE").

On May 14, 2021, the Company closed a non-brokered private placement for gross proceeds of \$6,732,779.37 (the "Offering") through the issuance of 20,402,362 common shares in the capital of the Company ("Common Shares") at a price of \$0.33 per Common Share. In connection with the closing of the Offering, the Company paid aggregate finder's fees of \$15,576 and issued an aggregate of 47,200 finders warrants (the "Finder Warrants") to registered finders. Each Finder Warrant entitles the holder to purchase one Common Share at a price of \$0.33 for a period of 24 months from the closing of the Offering.

Furthermore, on May 14, 2021, the Company entered into a share subscription agreement with a leading company within the online gaming space in India (the "Target"), as previously disclosed in the press release dated April 20, 2021. The Company has agreed to purchase USD\$5,000,000 worth of compulsorily convertible cumulative preference shares of the Target, fulfilling the initial funding commitment of the acquisition of the Target by the Company.