I3 Interactive Inc.

(Formerly, Interactive Games Technologies Inc.)

Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

(Expressed in Canadian Dollars)

As at,	Notes	June 30, 2021 (unaudited) $	December 31, 2020 (audited) $
ASSETS			
Current assets			
Cash and cash equivalents		1,798,130	2,289,326
Accounts receivable	4	896,093	480,916
Taxes receivable		224,649	160,542
Prepaid expenses	5	159,416	29,861
		3,078,288	2,960,645
Non-current assets			
Acquisition deposit	20	6,093,950	-
Property, plant, and equipment	9	7,692	3,921
Goodwill	9	7,010,824	574,305
Intangible assets	6	2,086,134	2,097,927
TOTAL ASSETS		**18,276,888**	**5,636,798**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,335,454	1,111,221
Royalty payable	14	112,090	49,098
Consideration payable	9	1,592,250	15,631
Promissory notes	11	650,000	597,000
Loans	10	12,000	279,323
		3,701,794	2,052,273
Non-current liabilities			
Deferred income tax liability		322,228	316,000
TOTAL LIABILITIES		**4,024,022**	**2,368,273**
SHAREHOLDERS' EQUITY			
Share capital	12	46,702,040	28,957,086
Reserves	12	8,118,250	7,710,945
Non-controlling interests	18	2,726,834	494,107
Accumulated other comprehensive loss		218,058	(53,321)
Deficit		(43,512,316)	(33,840,292)
TOTAL SHAREHOLDERS' EQUITY		**14,252,866**	**3,268,525**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18,276,888**	**5,636,798**

Nature of operations and going concern (Note 1)

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

"Troy Grant"

Troy Grant, Director

"Binyomin Posen"

Binyomin Posen, Director

(Unaudited - Expressed in Canadian Dollars)

		For the three-month period ended,		**For the six-month period ended,**	
		June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
	Notes	**$**	**$**	**$**	**$**
Revenues		1,061,825	-	1,630,118	-
Cost of sales		(309,934)	-	(429,269)	-
Gross margin		751,891	-	1,200,849	-
Expenses					
Consulting	13	131,898	1,040,614	363,326	1,080,042
Marketing		3,069,436	102,083	3,322,682	102,083
Depreciation	6	29,297	-	97,442	-
Foreign exchange		43,367	(11,106)	47,389	(28,876)
IT support		(123,359)	-	697,232	-
Salaries		247,044	-	247,044	-
Office expenditures		133,497	89,340	341,976	89,700
Professional fees		704,294	496,177	895,328	496,177
Research and development		53,416	49,104	92,955	49,105
Share-based compensation	12	244,938	2,849,267	772,331	2,849,267
		(4,533,828)	(4,615,479)	(6,877,705)	(4,637,498)
Other expenses					
Listing expense	21	-	(11,810,009)	-	(11,810,009)
Transaction costs	9	(4,031,788)	-	(4,031,788)	-
Write-off of other current asset	17	(804,143)	-	(804,143)	-
Loss on debt settlement	12	-	(1,349,627)	(125,293)	(1,349,627)
Net loss		(8,698,868)	(17,775,115)	(10,638,080)	(17,797,134)
Other comprehensive loss					
Foreign exchange translation adjustment		319,269	-	271,379	-
Net loss and comprehensive loss		(8,379,599)	(17,775,115)	(10,366,701)	(17,797,134)
Net loss attributable to:					
Shareholders of the Company		(8,478,801)	(17,775,115)	(9,672,024)	(17,797,134)
Non-controlling interests	18	(220,065)	-	(966,056)	-
Net loss		(8,698,866)	(17,775,115)	(10,638,080)	(17,797,134)
Comprehensive loss attributable to:					
Shareholders of the Company		(8,159,534)	-	(9,400,645)	-
Non-controlling interests	18	(220,065)	-	(966,056)	-
		(8,379,599)	-	(10,366,701)	-
Loss per share – basic and diluted		**(0.04)**	**(0.23)**	**(0.06)**	**(0.26)**
Weighted average number of common shares outstanding		**207,472,522**	**78,065,253**	**188,473,039**	**68,636,332**

(Unaudited - Expressed in Canadian Dollars)

	Share capital						
	Number of shares #	Amount $	Reserves $	Accumulated other comprehensive loss $	Non-controlling interests $	Deficit $	Total $
Balance at December 31, 2019	**59,207,410**	**2,843,652**	**-**	**-**	**-**	**(2,662,367)**	**181,285**
Private placement	**25,399,508**	5,774,877	-	**-**	**-**	-	5,774,877
Share issuance cost	**-**	(80,147)	20,247	**-**	**-**	-	(59,900)
Shares for consulting services	**6,057,555**	1,514,389	-	**-**	**-**	-	1,514,389
Shares for marketing services	**3,500,000**	875,000	-	**-**	**-**	-	875,000
Share for debt settlement	**4,937,000**	1,234,250	-	**-**	**-**	-	1,234,250
Share repurchase	**(9,229,333)**	(923)	-	**-**	**-**	-	(923)
Share based compensation	**-**	-	772,378	**-**	**-**	-	772,378
Shares issued for reverse-take over	**47,449,110**	11,862,278	-	**-**	**-**	-	11,862,278
Loss for the period	**-**	-	-	**-**	**-**	(17,797,134)	(17,797,134)
Balance at June 30, 2020	**137,321,250**	**24,023,376**	792,625	**-**	**-**	**(20,459,501)**	**4,356,500**
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	**27,069,029**	7,903,428	281,111	-	-	-	8,184,539
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**	6,154,721	(1,624,274)	-	-	-	4,530,447
RSU exercises	**318,500**	159,250	(159,250)	-	-	-	-
Share based compensation	**-**	-	772,331	-	-	-	772,331
Accumulated other comprehensive loss	**-**	-	-	271,379	-	-	271,379
Minority interest non-controlling interest contribution	**-**	-	-	-	154,385	-	154,385
Acquired non-controlling interest	**-**	-	-	-	2,768,885	-	2,768,885
Loss for the period	**-**	-	-	-	(966,056)	(9,672,024)	(10,638,080)
Balance at June 30, 2021	**216,777,344**	**46,702,040**	**8,118,250**	**218,058**	**2,726,834**	**(43,512,316)**	**14,252,866**

(Unaudited - Expressed in Canadian Dollars)

For the six-month period ended,	June 30, 2021 $	June 30, 2020 $
Operating activities		
Net loss for the period	(10,638,080)	(17,797,134)
Items not affecting cash		
Amortization	97,442	-
Loss on settlement of debt	125,293	1,349,627
Foreign exchange	329,781	(1,989)
Share based compensation	772,331	2,849,267
Listing expense	-	11,810,009
Corporate development	-	52,083
Write-off of other current assets	804,143	-
Transaction costs	4,031,788	-
Changes in non-cash working capital items:		
Amounts receivable	(388,697)	-
Prepaid expenses	(67,060)	(12,981)
GST receivable	(64,107)	-
Royalty payable	64,296	-
Due to shareholder	(639,715)	-
Accounts payable and accrued liabilities	109,095	485,802
Net cash used in operating activities	(5,463,490)	(1,265,316)
Investing activities		
Purchase of equipment	(37,972)	-
Acquisition deposit	(6,093,950)	-
Cash acquired from reverse take-over	-	218
Cash acquired from LivePools	39,502	-
Net cash used in investing activities	(6,092,420)	218
Financing activities		
Private placement, net of share issuance cost	8,109,539	5,714,977
Consideration payable	(1,607,882)	-
Share repurchase	-	(215,000)
Options exercised	164,667	-
Warrants exercised	3,902,509	-
Loan repayment	(102,126)	-
Loans	650,000	829,395
Net cash provided by financing activities	11,116,707	6,329,372
Foreign exchange	(51,993)	-
Increase (decrease) in cash	(439,203)	5,064,274
Cash and cash equivalents, beginning of period	2,289,326	19,318
Cash and cash equivalents, end of period	**1,798,130**	**5,083,592**
Supplemental non-cash disclosures:		
Restricted stock unit fair value reclassification	159,250	-
Stock option fair value reclassification	314,401	-
Warrant fair value reclassification	1,624,274	-
Share issuance cost	281,111	20,247

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 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.

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 June 30, 2021, the Company has a deficit of $43,797,121 (December 31, 2020 - $33,840,292) and for the six-month period then ended incurred a net loss of $10,638,080 (2020 - $17,797,134). 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 may 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 were approved and authorized for issuance by the Company's Board of Directors on August 30, 2021.

2. Basis of presentation (Continued)

Statement of compliance (continued)

These condensed interim consolidated financial statements have been presented in accordance with IAS 34 – Interim Financial Reporting. 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
		June 30, 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	51%	Indian Rupee
Esperanza Gaming Private Limited	India	74%	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.

(Unaudited - Expressed in Canadian Dollars)

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.

Restricted Stock Units

The Company has a restricted stock unit ("RSU") plan for directors, executive officers, employees and consultants of the Company. The vesting conditions of the RSUs may be based on a required service period or the achievement of performance targets. Vested RSUs are payable in common shares. The share-based remuneration expense of the RSUs is based on the fair value at grant date and the awards expected to vest over the vesting period. A corresponding compensation liability is recorded in equity.

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. These are not applicable or do not have a significant impact to the Company, and have been excluded.

4. Accounts receivable

Account receivable consist of receivables from non-related parties, totalling $896,093 (December 31, 2020 - $480,916).

5. Prepaid expenses

	June 30, 2021 $	December 31, 2020 $
Prepaids	98,944	-
Retainers	60,472	29,861
	159,416	29,861

(Unaudited - Expressed in Canadian Dollars)

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 gaming platform has a useful life of 36 months with automatic 12-month extensions, unless terminated. The Gaming License useful life is between 36 to 60 months, unless terminated.

	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 (Note 9)	-	66,217	66,217
Depreciation	(18,597)	(74,249)	(92,846)
Foreign exchange	-	14,836	14,836
Balance, June 30, 2021	291,357	1,794,777	2,086,134

7. Accounts payable and accrued liabilities

		June 30, 2021		December 31, 2020
Accounts payable	$	1,299,985	$	281,428
Accrued liabilities		35,469		829,793
	$	1,335,454	$	1,111,221

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

(Unaudited - Expressed in Canadian Dollars)

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. ("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:

	$
Purchase price:	
7,859,600 common shares issued to acquire a 67.4% interest	1,571,920
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
Goodwill attributable to the Company	574,305

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.

As at December 31, 2020 and June 30, 2021, the Company determined that the recoverable amount of each CGU exceeding the carrying value. The Company did not record any impairment of goodwill.

The Company has recasted comparative information as at December 31, 2020 for goodwill, to correct goodwill attributed to non-controlling interests related to the acquisition of 1248134 during the year ended December 31, 2020. As a result, the goodwill recognized on the acquisition decreased by $275,513 and the non-controlling interest decreased by the same amount (note 18). There was no impact to the Company's cash flows or profit or loss for the year ended December 31, 2020.

9. Business combination (Continued)

LivePools Private Limited

On January 22, 2021 ("Closing Date"), the Company entered into an agreement to acquire 51% of LivePools Pvt. Ltd. ("LivePools"). LivePools is a Company registered in India focused within the fantasy supports, rummy and real-money gaming space and has been operating since 2018.

As consideration, the Company have the following commitments to acquire 51% of LivePools ("Tranches"):

- Initial payment of $1,835,000 (US $1,400,000) on the Closing Date (Paid) for 12.61%;
- Payment of $1,592,250 (US$1,250,000) on April 1, 2021 (Paid) for 18.11%;
- Payment of $796,125 (US $625,000) on October 12, 2021 (Consideration payable) for 11.08%; and
- Payment of $796,125 (US $625,000) on February 1, 2022 (Consideration payable) for 9.20%.

In addition, the Company is committed to provide the following cash infusions to LivePools:

- Payment of $1,401,180 (US$1,100,000) on April 1, 2021 (Paid);
- Payment of $1,592,000 (US $1,250,000) on October 12, 2021; and
- Payment of $1,592,000 (US $1,250,000) on February 1, 2022.

After completion of the Tranches, the Company will own 51% of LivePools. The Company has determined that the options to acquire additional shares at each tranche are contractual and should be treated as one single transaction and therefore has accrued the total additional Tranches as Consideration payable. 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 assumptions: Stock price – $0.215; exercise price – $0.21; expected life – 2 years; volatility – 108%; dividend yield – $0; and risk-free rate – 0.17%. Pursuant to IFRS 3, the Transactions Costs have been expensed to the profit and loss.

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, management believes 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 LivePools 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 LivePools 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 June 30, 2021, the Company recorded a net loss of $1,892,040 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:

(Unaudited - Expressed in Canadian Dollars)

9. Business combination (Continued)

LivePools Private Limited

	$
Purchase price:	
Cash paid	1,835,000
Consideration payable	7,770,180
Consideration paid	**9,605,180**
Fair value of net assets acquired:	
Cash	1,874,502
Consideration receivable	4,585,680
Accounts receivable	114,973
Intangible assets	66,217
Property, plant, and equipment	5,254
Accounts payable	(391,045)
Provisions	(38,450)
Deferred income tax liability	(4,073)
Identifiable net assets acquired	6,213,058
Net assets acquired attributable to the Company	3,168,660
Non-controlling interest – net assets acquired (Note 18)	3,044,398
	6,213,058
Goodwill attributable to the Company	6,436,520

Pursuant to the terms of the business combination agreement, the Company is obligated to invest directly in equity of LivePools amounting to $6,420,680, which forms a component of the 51% equity interest to be obtained. Amounts representing direct investment in LivePools is eliminated on consolidation.

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 exercise		(130,937)
Loan repayment		(2,126)
Private placement		(75,000)
Settlement of debt for shares		(105,194)
Funds advanced		45,934
Balance, June 30, 2021	$	12,000

During the period ended June 30, 2021, lenders settled loans through warrant exercises and private placement participation, totalling $205,937. In addition, the Company issued 1,051,930 common shares with a fair value of $226,165 to settle debt of $105,194.

As at June 30, 2021, outstanding loans consist of $12,000. The loans are non-interest bearing, due on demand and are unsecured.

(Unaudited - Expressed in Canadian Dollars)

11. Promissory notes

		Total
Balance, December 31, 2019		-
Loans received		597,000
Balance, December 31, 2020	$	597,000
Warrant exercise		(497,000)
Loan repayment		(100,000)
Loans received		650,000
Balance, June 30, 2021	$	650,000

During the period ended June 30, 2021, lenders settled promissory notes through 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 June 30, 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.

Pursuant to the acquisition of Live Pools, 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 at an exercise price of $0.21 per 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 assumptions: 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 with a fair value of $268,010. 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 assumptions: Stock price – $0.68 exercise price – $0.40; expected life – 2 years; volatility – 133%; dividend yield – $0; and risk-free rate – 0.26%. Using the residual method, no value was attributed to the warrants.

On May 11, 2021, the Company completed a non-brokered private placement of 20,402,362 common shares of the Company for gross proceeds of $6,732,779. The Company paid share issuance cost of $15,545 and issued 47,200 finder warrants with a fair value of $13,101. Each warrant entitles the holder to acquire one common share at an exercise price of $0.33 for a period of 2 years. The finder’s warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.40 exercise price – $0.33; expected life – 2 years; volatility – 139%; dividend yield – $0; and risk-free rate – 0.28%.

(Unaudited - Expressed in Canadian Dollars)

12. Share capital (continued)

During the period ended June 30, 2021, the Company issued 19,821,290 common shares for gross proceeds of $4,530,447 pursuant to warrant exercises. The Company reclassified $1,624,274 from reserves to share capital.

During the period ended June 30, 2021, the Company issued total of 811,666 common shares for gross proceeds of $164,667 pursuant to option exercises. The Company reclassified $314,401 from reserves to share capital.

During the period ended June 30, 2021, the Company issued total of 318,500 common shares pursuant to RSU exercises. The Company reclassified $$159,250 from reserves to share capital.

During the period ended June 30, 2020:

On June 29, 2020, the Company issued 22,899,508 units for gross proceeds of $5,724,877. 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.

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.

During the period ended June 30, 2020, the Company repurchased 9,229,333 common shares with a fair value of $923 for $215,000. The Company realized a loss on share repurchase of $214,077.

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.

The Company issued 47,449,110 common shares, pursuant to the RTO, with a fair value of $11,862,278.

Pursuant to the terms of a consulting agreement, the Company issued 1,250,000 common shares with a fair value of $312,500 in lieu of cash for consulting services.

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.

Pursuant to the Social Media Influencers Agreement and Business Development Agreement and amended on March 30, 2020, the Company issued 4,807,555 common shares with a fair value of $1,201,889.

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	31,247,200	0.28
Warrants exercised	(19,821,290)	0.23
Balance, June 30, 2021	103,132,616	0.31

(Unaudited - Expressed in Canadian Dollars)

12. Share capital (continued)

Warrants (continued)

As at June 30, 2021, the Company has outstanding warrants exercisable to acquire 103,132,616 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Remaining Contractual life (Years)
179,600	$0.50	June 26, 2022	0.99
21,805,540	$0.50	June 29, 2022	1.00
4,340,000	$0.05	June 29, 2022	1.00
12,031,498	$0.25	July 1, 2022	1.00
2,800,000	$0.25	December 18, 2022	1.47
12,000,000	$0.40	January 22, 2023	1.56
36,590,000	$0.25	June 2, 2023	1.92
6,090,778	$0.21	January 24, 2023	1.57
7,200,000	$0.40	February 11, 2023	1.62
47,200	$0.33	May 7, 2023	1.85
103,132,616			

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 20% 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	-	$ 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 exercised	(811,666)	$ 0.20
Options cancelled	(876,667)	$ 0.25
Balance, June 30, 2021	2,936,667	$ 0.34

(Unaudited - Expressed in Canadian Dollars)

12. Share capital (continued)

Options (continued)

As at June 30, 2021, the Company has outstanding options exercisable to acquire 2,936,667 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	2.00
2,426,667	1,617,778	$0.25	July 1, 2023	2.00
2,936,667	2,127,778			

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 June 30, 2021, the Company recognized stock-based compensation of $173,777 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%.

Restricted Share Options

The Company has a restricted stock option plan that was approved by the shareholders on April 26, 2021 that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The restricted share option plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 20% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the restricted 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. 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. Participants in the RSU plan may elect to redeem their share units by the Company issuing the participant one common share for each whole vested share unit.

On March 22, 2021, the Company granted 2,818,500 restricted stock options to various directors, officers and consultants of the Company with a term of 3 years. 874,055 of the options vested immediately, with the remainder vesting evenly until February 6, 2024. The total fair value of the restricted stock options was $1,409,250. During the period ended June 30, 2021, the Company recorded share based compensation of $565,602. During the period ended June 30, 2021, 318,500 restricted stock options were exercised and $159,250 was transferred to share capital.

As at June 30, 2021, the Company had 2,500,000 restricted share options outstanding with an exercise price of $0.50 and expire on March 22, 2024. As at June 30, 2021, 555,555 of the restricted share options are exercisable.

Reserves

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

(Unaudited - 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.

	June 30, 2021 $	June 30, 2020 $
Consulting fees	-	819,052
	-	819,052

As at June 30, 2021, the Company has outstanding shareholder loans due to a director of the Company, totalling $Nil (December 31, 2020 - $133,063) which is included in the loan balance in the condensed interim 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, the Company is required to pay a 21% royalty on revenues earned from using the developed platform. As at June 30, 2021, the balance payable is $162,224 (December 31, 2020 - $49,098).

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 an individual related to a director of the Company.

On May 11, 2021, the Company issued 20,402,362 common shares for gross proceeds of $6,732,779. Of the gross proceeds, $89,830 was raised through consultants, which were to satisfy the Company's obligations to said consultants.

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 June 30, 2021. The Company's loans do not bear interest or have 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 $19,971 (2020 - $Nil) foreign exchange loss or gain in the condensed interim consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

15. Financial instruments and risk management (Continued)

At June 30, 2021, the Company had the following financial instruments denominated in foreign currencies:

Stated in Canadian dollars

	Indian Rupee	US Dollar	Total
Cash	1,501,243	148,003	1,649,246
Accounts receivable	625,102	-	625,102
Accounts payable and accrued liabilities	(493,325)	(117,213)	(610,538)
Net	1,633,020	30,790	1,663,810

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 June 30, 2021, the Company has working capital deficiency of $623,506 (December 31, 2020 - $908,372). 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)

(Unaudited - 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

The former CEO has commenced an action against the Company, certain officers and shareholders claiming, among other things, damages for wrongful dismissal and punitive damages. The Company believes the subject matter of the action to be without merit and intends to fully defend its interests and take all other legal actions available to it. The Company intends to counterclaim against the former CEO for, among other things, misappropriation of Company funds, breach of fiduciary duty, defamation and extortion. During the period ended June 30, 2021, the Company wrote-down $804,143 (2020 – nil) in other current assets in the condensed interim consolidation statement of loss and comprehensive loss for amounts owed by the former CEO to the Company which were deemed to be misappropriated. The outcome of these claims cannot be determined and no provision has been made in these condensed interim consolidated financial statements.

During the period ended June 30, 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 and LivePools Private Limited, the Company's subsidiaries in which the non-controlling interest holds a 26% and 49% interest, respectively. This information represents amounts before intercompany eliminations.

	June 30, 2021	**December 31, 2020**
	$	$
Current assets	1,806,824	535,341
Non-current assets	2,361,880	2,510,549
Current liabilities	493,327	355,093
Non-current liabilities	-	316,000
Revenues for the period	753,321	57,816
Net income (loss) for the period	(2,011,538)	35,596

(Unaudited - Expressed in Canadian Dollars)

18. Non-controlling interest (Continued)

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

	$
Non-controlling interest, December 31, 2019	-
Fair value of non-controlling interest on acquisition of Esperanza (Note 9)	482,526
Non-controlling interest in income of Esperenza to December 31, 2020	11,581
Total non-controlling interest, December 31, 2020	494,107
Cash contributions from minority shareholders	154,385
Fair value of non-controlling interest on acquisition of LivePools (Note 9)	3,044,398
Non-controlling interest in loss of LivePools to June 30, 2021	(927,100)
Non-controlling interest in loss of Esperenza to June 30, 2021	(38,956)
Total non-controlling interest, June 30, 2021	2,726,834

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 $
June 30 ,2021				
Revenue	568,756	308,041	753,321	1,630,118
Net income (loss)	(8,802,444)	(421,614)	(3,044,140)	(12,268,198)
	(8,233,688)	(113,573)	(2,290,819)	(10,638,080)
June 30 ,2020				
Revenue	-	-	-	-
Net income (loss)	(66,726)	-	-	(66,726)
As at June 30, 2021				
Total assets	6,031,201	570,523	11,675,164	18,276,888
Total liabilities	(1,722,290)	(117,213)	(2,184,519)	(4,024,022)
As at December 31, 2020				
Total assets	415,360	697,210	4,524,228	5,636,798
Total liabilities	(1,574,179)	(74,356)	(719,738)	(2,368,273)

20. Proposed Transaction

On April 17, 2021, the Company entered into a binding letter of intent (“LOI”) to acquire 100% of a leading online gaming company in India (the “Target”). Pursuant to the terms of the LOI, the Company intends to issue 51% of the common shares of the Company to Target’s shareholders, constituting a reverse take-over and fundamental change in accordance with the rules of the Canadian Securities Exchange. The closing of the transaction is subject to a number of conditions including but not limited to regulatory and shareholder approval.

If the LOI is completed, the Company will have the following commitments:

- Issue 51% of the Company’s common shares to the Target’s shareholders;
- Invest in equity of the Target US $5,000,000, within 10 days of the LOI (paid);
- Invest in equity of the Target US $7,500,000 on the date of closing; and,

(Unaudited - Expressed in Canadian Dollars)

- Invest in equity of the Target US $12,500,000 six months from the date of closing.

As at June 30, 2021, the Company paid $6,093,950 (US $5,000,000) as a deposit related to the acquisition of the Target. In the event the Company and the Target do not close the transaction, any amounts paid will convert into equity of the Target at a prearranged conversion rate based on the terms of the LOI.

21. Reverse-Take Over

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 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		218
Taxes recoverable		29,205
Prepaid		22,846
Net identifiable assets acquired		52,269
Listing expense	$	11,810,009