ePlay Digital Inc.

Consolidated Financial Statements

For the year ended December 31, 2017

(Expressed in Canadian dollars)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ePlay Digital Inc.

We have audited the accompanying consolidated financial statements of ePlay Digital Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, consolidated changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of ePlay Digital Inc. as at December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about th0e company's ability to continue as a going concern

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

ePlay Digital Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2017 and 2016
(Expressed in Canadian dollars)

	Notes	2017	2016
		$	$
ASSETS			
Current Assets			
Cash		**31,516**	16,842
Amounts receivable		**48,531**	88,314
Share subscriptions receivable		**-**	55,205
Prepaid expenses		**4,010**	1,625
		84,057	161,986
Brands, trademarks and others	4 & 7	**-**	465,360
Licenses and marketing rights	7	**1**	1
Other intangible assets	5 & 7	**2,055,580**	2,659,681
		2,139,638	3,287,028
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	13	**256,434**	278,514
Short-term loan	8	**15,052**	14,169
Loans payable	9	**573,528**	-
		845,014	292,683
Loans payable	9	**1,269,321**	1,871,617
		2,114,335	2,164,300
SHAREHOLDERS' EQUITY			
Share capital	10	**5,439,832**	4,927,686
Reserves	10	**360,507**	351,970
Deficit		**(5,712,269)**	(4,095,473)
Equity attributable to shareholders		**88,070**	1,184,183
Non-controlling interest		**(62,767)**	(61,455)
Total equity		**25,303**	1,122,728
		2,139,638	3,287,028

Nature of operations and going concerns	1
Contingencies	15
Subsequent event	17

Approved and authorized for issuance by the Board of Directors on April 30, 2018:

Approved on Behalf of the Board of Directors:

/s/ Manfred G von Nostitz
Director

/s/ Trevor Doerksen
Director

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

ePlay Digital Inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	Notes	2017	2016
		$	$
Revenue		**276,787**	18,588
Cost of sales		**(8,205)**	(47)
		268,582	18,541
General and administrative expenses			
Bad debt		**85,638**	137,059
Consulting fees	13	**225,585**	652,238
Depreciation	7	**12,693**	3,613
Foreign exchange (gain) or loss		**12,666**	(9,267)
Interest expense		**3,526**	2,114
Investor relations		**27,017**	3,791
Office and miscellaneous		**44,432**	8,951
Management fees	13	**60,000**	29,531
Professional fees	13	**118,036**	238,587
Regulatory and transfer fees		**18,207**	36,255
Research and development	13 & 14	**149,145**	5,182
Sales and marketing		**78,495**	5,075
Share-based compensation	10(d) & 13	**8,537**	117,400
Travel		**116,735**	9,591
Total expenses		**(960,712)**	(1,240,120)
Other items			
Gain on settlement of debts	15	**17,026**	-
Loss on settlement of debts	8	**-**	(53,182)
Loss on sale of subsidiary	6	**(360,557)**	-
Write-off of debt		**32,932**	681,462
Write-down of loans	6	**(615,379)**	-
Total other items		**(925,978)**	628,280
Net loss and comprehensive loss		**(1,618,108)**	(593,299)
Net loss attributable to:			
Shareholders of the Company		**(1,616,796)**	(592,003)
Non-controlling interest		**(1,312)**	(1,296)
		(1,618,108)	(593,299)
Basic and diluted loss per common share		**(0.04)**	(0.04)
Weighted average number of common shares outstanding		**45,729,081**	16,384,834

ePlay Digital Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Deficit	Non-controlling Interest	Total
		$	$	$	$	$
Balance, December 31, 2015	**5,467,259**	**2,265,100**	**221,914**	**(3,503,470)**	**-**	**(1,016,456)**
Shares issued for cash (Note 10(b))	12,480,070	1,296,014	-	-	-	1,296,014
Shares issued for PokerVision (Notes 5 and 10(b))	15,000,000	750,000	-	-	-	750,000
Shares issued for Mobovivo (Notes 5 and 10(b))	4,835,377	241,769	-	-	(60,159)	181,610
Share issue costs (Note 10(b))	-	(57,596)	12,656	-	-	(44,940)
Shares issued to settle debts (Note 10(b))	6,187,977	384,399	-	-	-	384,399
Exercise of warrants (Notes 10(b) and 10 (e))	800,000	48,000	-	-	-	48,000
Share-based compensation (Note 10(d))	-	-	117,400	-	-	117,400
Comprehensive loss	-	-	-	(592,003)	(1,296)	(593,299)
Balance, December 31, 2016	**44,770,691**	**4,927,686**	**351,970**	**(4,095,473)**	**(61,455)**	**1,122,728**
Shares issued for cash (Note 10(b))	670,000	100,500	-	-	-	100,500
Exercise of warrants (Notes 10(b) and 10(e))	6,863,333	411,800	-	-	-	411,800
Cancellation of shares issued for PokerVision (Notes 6 and 10(b))	(6,431,250)	-	-	-	-	-
Share issue costs	-	(154)	-	-	-	(154)
Share-based compensation (Note 10 (d))	-	-	8,537	-	-	8,537
Comprehensive loss	-	-	-	(1,616,796)	(1,312)	(1,618,108)
Balance, December 31, 2017	**45,872,774**	**5,439,832**	**360,507**	**(5,712,269)**	**(62,767)**	**25,303**

ePlay Digital Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
	$	$
Operating activities		
Net loss	**(1,618,108)**	(593,299)
Adjustments for non-cash items:		
Accrued interest	**-**	2,026
Bad debt	**85,638**	137,059
Depreciation	**12,693**	3,613
Gain or loss on settlement of debts	**(17,026)**	53,182
Loss on deconsolidation of PokerVision	**360,557**	-
Share-based payments	**8,537**	117,400
Unrealized foreign exchange gain	**3,533**	(11,863)
Write-off of debt	**-**	(681,462)
Write-down of loans	**615,379**	-
Change in non-cash working capital components:		
Amounts receivable	**(54,732)**	(15,713)
Prepaid expenses	**(5,385)**	2,440
Accounts payable and accrued liabilities	**106,598**	73,300
Net cash used in operating activities	**(502,316)**	(913,317)
Investing activities		
Cash advances to PV and MV for acquisitions, net of cash acquired	**-**	(276,683)
Cash derecognized on deconsolidation of PokerVision	**(5,779)**	-
Net cash used in investing activities	**(5,779)**	(276,683)
Financing activities		
Shares issued for cash	**100,500**	1,248,874
Share issue cost	**(154)**	-
Exercise of warrants	**411,800**	-
Share subscriptions received	**8,200**	-
Loans received	**24,049**	56,815
Loans repaid	**(21,626)**	(99,584)
Net cash provided by financing activities	**522,769**	1,206,105
Increase (decrease) in cash	**14,674**	16,105
Cash, beginning	**16,842**	737
Cash, ending	**31,516**	16,842

Cash paid for interest expense	**-**	984
Cash paid for income taxes	**-**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERNS

ePlay Digital Inc. (the "Company"), was incorporated under the Business Corporations Act in British Columbia on September 19, 2013 under the name of Organach Beverage Acquisition Corp. On August 12, 2014, the Company changed its name to Network Oncology Inc. and on June 17, 2015, the name changed to Network Life Sciences Inc. On October 6, 2016, the Company changed its name to ePlay Digital Inc. in conjunction with its acquisitions of PokerVision Media Inc. ("PV") and Mobovivo Inc. ("MV") and change of its business (Note 5). The address of the registered office is 246 – 2464 Stewart Green SW, Calgary, Alberta, Canada T3H 3C8.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At December 31, 2017, the Company had a working capital deficiency of $760,957 (2016 – deficiency of $130,697) and had an accumulated deficit of $5,712,269 (2016 – $4,095,473) which has been funded primarily by the issuance of equity and loans from related parties. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to carry out its business plan. If the Company is unable to fund its future plan, its business, financial condition or results of operations could be materially and adversely affected. The success of the Company depends on its ability to profitably penetrate its target market with its new products on a sustainable basis. The Company has never generated revenue, cash flows or profits from operations.

The Company's ability to launch its operations as intended is dependent on its ability to generate revenue and raise capital sufficient to cover its marketing and other costs. All of these factors indicate a material uncertainty that raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

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

These consolidated financial statements are presented in Canadian dollars, which is the reporting and functional currency of the Company, PV and MV. The functional currency of the Company's wholly-owned subsidiary Emerald Oncology Limited is the Euro (€). These consolidated financial statements are prepared on a historical cost basis except for certain financial instruments as described at Note 3, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Basis of consolidation

Consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the Company's the consolidated financial statements. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Name	Incorporation / acquisition date	Disposition date	Ownership %	Jurisdiction
PokerVision Media Inc.	November 21, 2016	May 18, 2017	100%	Canada
Mobovivo Inc.	December 20, 2016	N/A	96.70%	Canada
Emerald Oncology Limited	September 29, 2014	N/A	100%	Ireland

As at and for the year ended December 31, 2017, Emerald Oncology Limited was inactive.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments

i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

ii) Accounts receivables

The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

iii) Acquisition of assets

The assessment of whether the acquisitions (Notes 4 and 5) should be accounted and disclosed as an acquisition of assets or acquisition of a business involved significant judgement by management of the Company.

iv) Impairment

At the end of each reporting period, the Company's intangible assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the assets being considered. The amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

v) Intellectual property

The recoverability of the carrying value of the intellectual property is dependent on successful development and commercial stage to the point where revenue is possible. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Estimates

vi) Fair value of financial instruments

Management uses valuation techniques, in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques, management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual results that would be achieved in an arm's length transaction at the reporting date. The assessment of the timing and extent of impairment of intangible assets involves both significant judgements by management about the current and future prospects for the intangible assets as well as estimates about the factors used to quantify the extent of any impairment that is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization of Finite Life Intangible Assets

Amortization of finite life intangible assets is based on the useful lives and residual values and is reviewed at least annually. Adjustments, if necessary, are recognized prospectively. Amortization is recognized on the straight-line basis based on 15 year useful live.

Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates in effect at the dates of the transactions. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows: assets and liabilities using the exchange rate at period end; and income, expenses and cash flow items using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting exchange differences arising from the translation of the entities with a functional currency other than the Canadian dollar are reported within accumulated other comprehensive income as a separate component of equity.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Segment reporting

A reportable segment, as defined by IFRS 8 – *Operating Segments*, is a distinguishable business or geographical component of the Company, which is subject to risks and rewards that are different from those of other segments. The Company considers that it has only one reportable segment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company's revenue consists of set-up of user experiences, data reporting and advertising.

Revenue associated with set-up of user experience is recognized by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of rendering these services can be estimated reliably. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue associated with data reporting and advertising is recognized when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably and collection is reasonably ensured.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Canadian Securities Exchange on the date of the agreement to issue the shares or the date of share issuance, whichever is more appropriate.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock, and any related amount recorded in warrants reserve is transferred to capital stock.

Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, warrants and convertible instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: fair value through profit or loss (“FVTPL”), loans and receivables, held to maturity, available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Amounts receivable	Loans and receivables
Accounts payable	Other liabilities
Short-term loan	Other liabilities
Loans payable	Other liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Cash is measured based on level 1 criteria.

Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against the related financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies

The following standard will be effective for annual period beginning on or after January 1, 2018:

IFRS 9 – *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company does not expect any significant impact from the adoption of this standard on its consolidated financial statements.

The standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 – *Leases*

In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. BRANDS, TRADEMARKS AND OTHERS

On December 15, 2015, PV, a former wholly-owned subsidiary, entered into an asset purchase agreement with Headsup Entertainment International Inc. to acquire key Canadian Poker Tour assets, including brands, content and websites. The agreement was finalized on December 31, 2015.

PV issued 5,000,000 common shares valued at $0.10 per share for a total fair value of $500,000. PV initially allocated $498,600 to brands, trademarks and others, which is being amortized over 15 years on a straight-line basis.

On November 21, 2016, the Company acquired 100% of the issued and outstanding common shares of PV resulting in an acquisition all brands, trademarks and others previously held by PV (Note 5). On May 18, 2017, the Company sold PV. The sale resulted in the cancellation and return to treasury of 6,431,250 common shares of the Company and 20,000,000 performance warrants previously issued to acquire PV (Note 6).

(Expressed in Canadian dollars)

5. ACQUISITION OF SUBSIDIARIES

During the year ended December 31, 2016, the Company acquired all of the issued and outstanding shares of PV and 96.70% interest in MV pursuant to the Share Purchase Agreement and Amalgamation Agreement dated September 27, 2016 (the "Agreement"). The Company issued 4,835,380 common shares and 9,670,759 performance warrants to acquire 96.7% of the issued and outstanding shares of MV, and the Company issued 15,000,000 common shares and 20,000,000 performance warrants to acquire all the issued and outstanding shares of PV. Each performance warrant is exercisable to acquire one common share of the Company at $0.20 per share for a period of 5 years from the date of issuance, subject to certain vesting conditions as noted below.

As a result of the acquisition of both PV and MV, the Company changed its business focus to developing and operating broadcast and live video technologies.

The acquisition of PV and MV by the Company is considered to be business combination. Pursuant to the business combination transactions, the assets acquired and liabilities assumed from the acquisition of PokerVision and Mobovivo are to be recorded at their estimated fair values in accordance with IFRS 3 – *Business Combination*. These values are based on preliminary management estimates and are subject to final valuation adjustments. The allocation of the purchase consideration is as follows:

	Acquisition of PV $	Acquisition of MV $	**Total** **$**
Purchase consideration			
Cash advances	(239,167)	(50,982)	**(290,149)**
Fair value of shares	(750,000)	(241,769)	**(991,769)**
Assets acquired:			
Cash	3,638	9,504	**13,142**
Amounts receivable	58,335	151,171	**209,506**
Prepaid expenses	4,065	-	**4,065**
Brands, trademarks and others (Note 4)	468,973	-	**468,973**
Liabilities assumed:			
Accounts payable and accrued liabilities	(107,565)	(148,719)	**(256,284)**
Loans payable (Note 9)	(42,380)	(1,774,785)	**(1,817,165)**
Net liabilities assumed	(604,101)	(2,055,580)	**(2,659,681)**
Intangible assets acquired	604,101	2,055,580	**2,659,681**
	-	-	**-**

(Expressed in Canadian dollars)

5. ACQUISITION OF SUBSIDIARIES (continued)

Vesting Terms of Performance Warrants

Upon receiving a valuation report by a mutually agreeable party which state that the total asset value is $100 Million or higher, the entire block of 29,670,759 performance warrants would become free for execution.

Or

Upon the Company's cumulative and recurring digital, event and television subscription revenues exceeding $100,000 per month then 30% of the performance warrants are released;

Upon the Company's cumulative and recurring digital, event and television subscription revenues exceeding $200,000 per month then additional 30% of the performance warrants are released;

The balance of the performance warrants would be released upon the recurring revenue exceeding $300,000 per month.

Or

Upon a successful takeover of the Company, approved by the Board of Directors, all performance warrants are released.

6. DISPOSITION OF A SUBSIDIARY

On May 18, 2017, the Company sold its wholly owned subsidiary, PV. The sale resulted in the cancellation and return to treasury of 6,431,250 common shares of the Company and 20,000,000 performance warrants previously issued to acquire PV as discussed in Note 5.

On May 18, 2017, the Company de-recognized the assets and liabilities of PV which resulted in a loss of $360,557 summarized as follows:

	Total **$**
Proceeds from disposition	
Amounts receivable from PV	**573,379**
Total proceeds	**573,379**
Assets and liabilities derecognized	
Cash	**5,779**
Amounts receivable	**13,881**
Prepaid expenses	**3,000**
Brands, trademarks and others	**452,667**
Intangible assets	**604,101**
Accounts payable and accrued liabilities	**(114,301)**
Loans payable	**(31,191)**
Net assets derecognized	**933,936**
Loss on deconsolidation of PV	**(360,557)**

The amounts receivable from PV were unsecured, non-interest bearing and payable on demand. During the year ended December 31, 2017, the Company recorded a write-down of loans receivable of $615,379, of which $573,379 relates to amounts due from PV.

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

Cost	Brands, trademarks and others $	Licenses and marketing rights $	Other intangible assets $
Balance at December 31, 2015	-	1	-
Acquisition	468,973	-	2,659,681
Depreciation	(3,613)	-	
Balance at December 31, 2016	465,360	1	2,659,681
Depreciation	(12,693)	-	
Sale of subsidiary (note 6)	(452,667)	-	(604,101)
Balance at December 31, 2017	-	1	2,055,580

8. SHORT-TERM LOAN

On June 1, 2016, the Company settled the entire outstanding short-term loans in the amount of $49,549, and other trade payables in the amount of $181,668, by issuing a total of 5,687,977 common shares of the Company valued at $284,399, resulting in a loss on settlement of debt of $53,182.

During the year ended December 31, 2016, the Company received $14,169 (€10,000) from a third party as a short-term loan. As at December 31, 2017, the loan was valued at $15,052 due to foreign currency fluctuation. The loan is non-interest bearing, unsecured and is due on demand.

9. LOANS PAYABLE

The Company has the following loans payable as at December 31, 2017 and 2016:

As at	**December 31, 2017**	December 31, 2016
	$	$
Canada Media Fund – Production Financing Agreement (Xtra)	**485,906**	485,906
Canada Media Fund – Sales and Marketing Loan (Previiw)	**203,808**	203,808
Canada Media Fund – Production Financing Agreement (Previiw)	**387,653**	387,653
Canada Media Fund – Sales and Marketing Loan (Xtra)	**164,846**	164,846
AVAC Ltd.	**573,528**	573,528
Due to related parties	**22,583**	51,351
Others	**4,525**	4,525
Total	**1,842,849**	1,871,617
Presented as:		
Current	**573,528**	-
Non-current	**1,269,321**	1,871,617

9. LOANS PAYABLE (continued)

On December 20, 2016, the Company acquired 96.7% of the issued and outstanding common shares of MV resulting in an assumption of the loans payable of MV (Note 5).

On May 18, 2017, the Company sold its wholly owned subsidiary, PV resulting in a derecognition of its loans payable of $31,191 (Note 6).

Canada Media Fund – Production Financing Agreement (Xtra)

On September 29, 2011, the Company's subsidiary, MV, entered into a Production Financing Agreement with CMF. Total amount to be invested by CMF was $539,895 (the "Investment"), representing 75% of the production budget. Investment was made in three separate payments. Payments are made upon receipt of three progress and cost reports from MV.

During 2013, MV determined that Xtra was no longer financially feasible and therefore terminated the production progress. As a result, MV received a total of $485,906 in two separate payments.

Should MV determine to complete Xtra in the future, CMF is entitled to recoupment. Recoupment is capped at a maximum of 50% of revenues from Xtra.

In the event of default, the CMF has the right, but not the obligation, to reduce the Investment and, if any portion of the reduced amount has previously been advanced to MV, require immediate repayment of such amount with interest at the rate of prime plus 1% per annum as set by the Bank of Canada.

As at December 31, 2017 and 2016, MV has not generated revenue from Xtra. CMF has not collected or accrued any recoupment amount.

The potential events of default, as per the agreement, that trigger repayment obligations, are not identifiable based upon current circumstances, and are unforeseeable in the near future.

Canada Media Fund – Sales and Marketing Loan (Previiw)

On October 3, 2012, MV entered into a Marketing Financing Agreement with CMF ("Marketing Agreement"). Total amount to be invested by CMF was $203,808 ("Advance"), representing 75% of the sales and marketing budget to Previiw.

During 2013, MV determined that Previiw was no longer financially feasible and therefore terminated the production progress.

Should MV determine to complete Previiw in the future, CMF is entitled to recoupment. Recoupment is capped at a maximum of 50% of revenues from Previiw.

In the event of default, the CMF has the right, but not the obligation, to reduce the Investment and, if any portion of the reduced amount has previously been advanced to MV, require immediate repayment of such amount with interest at the rate of prime plus 1% per annum as set by the Bank of Canada.

As at December 31, 2017 and 2016, MV has not generated revenue from Xtra. CMF has not collected or accrued any recoupment amount.

The potential events of default, as per the agreement, that trigger repayment obligations, are not identifiable based upon current circumstances, and are unforeseeable in the near future.

9. LOANS PAYABLE (continued)

Canada Media Fund – Production Financing Agreement (Previiw)

On January 26, 2011, MV entered into a Production Financing agreement with CMF. Total amount to be invested by CMF was $430,725 ("Equity Investment"), representing 75% of the production budget. As at September 30, 2017, $387,653 of the Equity Investment has been disbursed to MV.

Should MV determine to complete Previiw in the future, CMF is entitled to recoupment. Recoupment is capped at a maximum of 50% of revenues from Previiw.

In the event of default, the CMF has the right, but not the obligation, to reduce the Investment and, if any portion of the reduced amount has previously been advanced to MV, require immediate repayment of such amount with interest at the rate of prime plus 1% per annum.

As at December 31, 2017 and 2016, MV has not provided production revenues to CMF. CMF has not collected or accrued any recoupment amount.

The potential events of default, as per the agreement, that trigger repayment obligations, are not identifiable based upon current circumstances, and are unforeseeable in the near future.

Canada Media Fund – Sales and Marketing Loan (Xtra)

On October 3, 2012, MV entered into another Marketing Financing Agreement with CMF. Total amount to be advanced by CMF was $206,058, representing 75% of the sales and marketing budget to Xtra. As at September 30, 2017, total advanced amount by CMF to the Company was $164,846.

During 2013, MV determined that Xtra was no longer financially feasible and therefore terminated the production progress.

Should MV determine to complete Xtra in the future, CMF is entitled to recoupment. The CMF is entitled to receive 50% of Production Revenues until recoupment of the advance in full.

In the event of default, the CMF has the right, but not the obligation, to reduce the Investment and, if any portion of the reduced amount has previously been advanced to MV, require immediate repayment of such amount with interest at the rate of prime plus 1% per annum.

As at December 31, 2017 and 2016, MV has not provided any production revenues to the CMF. CMF has not collected or accrued any recoupment amount.

The potential events of default, as per the agreement, that trigger repayment obligations, are not identifiable based upon current circumstances, and are unforeseeable in the near future.

9. LOANS PAYABLE (continued)

AVAC Ltd.

On November 6, 2008, and later amended on December 21, 2016, MV entered into an Investment Agreement with AVAC Ltd. ("AVAC") for up to $1,000,000. AVAC reduced the maximum investment amount from $1,000,000 to $600,000. The Company received a total of $600,000 from AVAC. A 3% royalty on all gross revenues is to be paid quarterly in arrears until an aggregate return of two (2) times the gross amount invested by AVAC is remitted commencing with the quarter ending September 30, 2011. At the discretion of MV, MV has the option to prepay royalties by paying AVAC an amount equal to the amount of the Company actually advanced plus 20% compounded annually from the date each advance was received, to a maximum of two times the original advances by AVAC, less royalties paid to date. The advances are secured by the General Security Agreement dated November 7, 2008.

Should the Company choose to exercise the right to terminate the agreement, the total amount due and payable as at December 31, 2017 was $1,142,061.

Pursuant to the Investment Agreement, the Company shall (1) pay the royalty within 45 days of the end of each fiscal quarter, (2) provide unaudited quarterly unconsolidated financial statements, and (3) the Company shall not, without the prior written consent of AVAC, permit any transfer of its securities which would result in an effective change of control of the Company.

As of December 31, 2017, the Company is in breach of its Investment Agreement for failing to provide the royalty payment within the prescribed due date and not providing the unaudited unconsolidated financial statements of MV. As a result, the AVAC loan has been classified as a current liability for the year ended December 31, 2017. The Company is currently working with AVAC to resolve this issue.

Due to related parties and other loans payable

The loans are non-interest bearing, unsecured, and payable at the discretion of the Company.

10. SHARE CAPITAL

On June 25, 2015, the Company consolidated its outstanding shares on the basis of one (new) post consolidation share for each three (old) pre-consolidation shares. On May 20, 2016, the Company consolidated its outstanding shares on the basis of one (new) post consolidation share for each five (old) pre-consolidation shares. The outstanding shares, weighted average outstanding shares and loss per share information have been retrospectively adjusted to reflect consolidation. In addition, all share issuances, options and warrant transactions have been retrospectively adjusted to reflect consolidation.

(a) Authorized: unlimited common shares without par value.

(b) Issued and Outstanding:

On June 1, 2016, the Company completed its private placement and issued 8,000,000 units at $0.05 per unit for proceeds of $400,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.06 per share until June 1, 2017. No value has been allocated to the warrants under the residual method.

On June 1, 2016, the Company issued a total of 5,687,977 common shares of the Company valued at $284,399 to settle short terms of $49,549 and trades payable of $181,668 resulting in a loss on settlement of debt of $53,182 (Note 13).

10. SHARE CAPITAL (continued)

(b) Issued and Outstanding (continued):

On August 26, 2016 through September 30, 2016, the Company issued 2,007,570 units of a non-brokered private placement at $0.20 per unit for gross proceeds of $401,514. Each unit issued consists of one common share of the Company and one transferable common share purchase warrant. Each warrant is exercisable to acquire one additional common share for a period of twelve (12) months at an exercise price of $0.40, provided that if the closing price of the Company's shares on any stock exchange or quotation system on which the shares are then listed or quoted is equal to or greater than $0.60 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire on a date that is not less than 10 business days from the date notice is given. The Company paid finders fees of $26,390 and issued 131,950 finders' warrants on the same terms and conditions as the private placement warrants. The finders' warrants were valued at $5,066 using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 1 year; volatility – 100%; dividend yield – 0%; and risk free rate – 0.57%.

On October 28, 2016 through November 21, 2016, the Company issued 2,472,500 units of a non-brokered private placement at $0.20 per unit for gross proceeds of $494,500. Each unit issued consists of one common share of the Company and one transferable common share purchase warrant. Each warrant is exercisable to acquire one additional common share for a period of twelve (12) months at an exercise price of $0.40, provided that if the closing price of the Company's shares on any stock exchange or quotation system on which the shares are then listed or quoted is equal to or greater than $0.60 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire on a date that is not less than 10 business days from the date notice is given. The Company paid finders fees of $18,550 and issued 197,750 finders' warrants on the same terms and conditions as the private placement warrants. The finders' warrants were valued at $7,596 using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 1 year; volatility – 100%; dividend yield – 0%; and risk free rate – 0.56%.

On November 21, 2016, the Company issued 500,000 common shares in settlement of debts in the amount of $100,000 at $0.20 per share for consulting services rendered.

On November 21, 2016, the Company has acquired all of the issued and outstanding shares of PokerVision by issuing 15,000,000 common shares and 20,000,000 Performance Warrants exercisable at $0.20 per share for a period of 5 years. 12,082,500 of the common shares issued are subject to an escrow arrangement whereby 10% were released on closing and the balance released on the basis of 15% every 6 months for the next 3 years. All securities issued are subject to trading restrictions until March 22, 2017.

On November 24, 2016, the Company issued 800,000 common shares from the exercised of 800,000 warrants at $0.06 per warrant for gross proceeds of $48,000.

On December 21, 2016, the Company has acquired 96.70% interest in Mobovivo by issuing 4,835,380 common shares and 9,670,759 Performance Warrants exercisable at $0.20 per share for a period of 5 years. 4,351,859 of the common shares issued are subject to an escrow arrangement whereby 10% were released on closing and the balance released on the basis of 15% every 6 months for the next 3 years. All securities issued are subject to trading restrictions until March 22, 2017.

10. SHARE CAPITAL (continued)

(b) Issued and Outstanding (continued):

On January 6, 2017, the Company issued 600,000 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $36,000.

On March 7, 2017, the Company issued 1,171,000 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $70,260.

On March 24, 2017, the Company issued 1,550,000 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $93,000.

On May 9, 2017, the Company issued 2,279,000 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $136,740.

On May 18, 2017, the Company sold its wholly owned subsidiary, PV, which resulted in a cancellation of 6,431,250 common shares that were previously issued on November 21, 2016.

On June 1, 2017, the Company issued 500,000 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $30,000.

On June 21, 2017, the Company issued 763,333 common shares upon exercise of warrants at $0.06 per share for gross proceeds of $45,800.

On December 8, 2017, the Company issued 670,000 units at $0.15 per unit for gross proceeds of $100,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant can be exercised to purchase one additional common share at $0.40 per shares until December 8, 2018.

(c)Escrow Shares:

Pursuant to the escrow agreements in October 2015, the 833,333 common shares issued pursuant to the private placement are subject to escrow restrictions, release 10% on listing and 15% every six-months commencing on January 16, 2015. At December 31, 2017, 125,000 common shares remain in escrow.

In relation to the acquisitions of PV and MV in November 2016 and December 2016, a total of 16,434,359 common shares were subject to escrow arrangements, whereby 10% were released on closing and the balance released on the basis of 15% every 6 months for the next 3 years. At December 31, 2017, 2,611,115 common shares remain in escrow.

(d) Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(d) Stock Options (continued):

On December 20, 2016, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 444,595 common shares of the Company to certain directors, officers, and consultants of the Company. All options were vested immediately. The options are exercisable at a price of $0.32 per common share for a three year term. The weighted average fair value of stock option was determined using the Black-Scholes option pricing model using the following assumptions: expected life of stock option of 3 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 0.81%. Total fair value was calculated to be $117,400 which was recorded as share-based compensation for the year ended December 31, 2016.

On November 14, 2017, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 707,267 common shares of the Company to certain directors, officers, and/or consultants of the Company. A total of 431,201 options vest over 3 years and a total of 276,066 options vest over 2 years. The options are exercisable at a price of $0.19 per common share for a five year term. The weighted average fair value of stock option was determined using the Black-Scholes option pricing model using the following assumptions: expected life of stock option of 5 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 1.68%. Total fair value was calculated to be $100,425 of which $8,537 was recorded as share-based compensation for the year ended December 31, 2017 based on the vesting provisions.

	Year ended December 31, 2017		Year ended December 31, 2016	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Opening	**864,595**	**$0.77**	420,000	$1.25
Issued	**707,267**	**$0.19**	444,595	$0.32
Expired	**(420,000)**	**$1.25**	-	-
Ending	**1,151,862**	**$0.24**	864,595	$0.77

As at December 31, 2017, the following options remain outstanding:

Number of options	**Number of options exercisable**	**Exercise price**	**Expiry date**
444,595	444,595	$0.32	December 20, 2019
707,267	-	$0.19	November 14, 2022
1,151,862	444,595	**$0.24**	

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(e) Warrants:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Opening	**41,680,529**	**$0.20**	733,333	$0.75
Issued	**335,000**	**$0.40**	42,480,529	$0.20
Exercised	**(6,863,333)**	**$0.06**	(800,000)	$0.06
Expired	**(666,367)**	**$0.23**	(733,333)	$0.75
Cancelled (1)	**(26,625,646)**	**$0.20**	-	-
Ending	**7,860,183**	**$0.32**	41,680,529	$0.20

(1) On June 1, 2017, the Company cancelled 6,625,646 performance warrants exercisable at $0.20 per share previous held by the President and Chief Executive Officer of the Company.

As at December 31, 2017, the following warrants remain outstanding:

Number of warrants		**Exercise price**	**Expiry date**
4,480,070	(1) (3)	$0.40	February 28, 2018
335,000		$0.40	December 8, 2018
3,045,113	(2)	$0.20	December 20, 2021
7,860,183			

(1) Extended to February 28, 2017
(2) Subject to the vesting terms as described in Note 6.
(3) Subsequent to year end, 4,480,070 expired unexercised (Note 17).

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

12. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2017	FVTPL financial asset	Loans and receivables	Other financial liabilities
	$	$	$
Cash	31,516	-	-
Amounts receivable	-	48,531	-
Accounts payable	-	-	256,434
Short-term loans	-	-	588,580
Loans payable	-	-	1,269,321

As at December 31, 2016	FVTPL financial asset	Loans and receivables	Other financial liabilities
	$	$	$
Cash	16,842	-	-
Amounts receivable	-	88,314	-
Share subscriptions receivable	-	55,205	-
Accounts payable	-	-	278,514
Short-term loans	-	-	14,169
Loans payable	-	-	1,871,617

The fair value of the Company’s financial assets and liabilities approximates the carrying amount because of their nature and relatively short maturity dates or durations.

The Company’s financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company’s exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company intends to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company’s holdings of cash. As at December 31, 2017, the Company had cash of $31,516 (December 31, 2016 - $16,842) to settle the total current liabilities of $845,014 (December 31, 2016 - $292,683).

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

At December 31, 2017, the Company had nominal amounts of accounts payable and loans denominated in Euro. A 10% change in the currency exchange rates between the Canadian dollars relative to the Euro would have an immaterial effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

13. RELATED PARTY TRANSACTIONS

The key management personnel compensation for the years ended December 31, 2017 and 2016 is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Professional fees paid or accrued to CFO	**48,000**	24,312
Management fees paid or accrued to CEO	**60,000**	-
Consulting fees paid or accrued to CEO	**26,571**	(800)
Research and development paid or accrued to CEO	**26,571**	-
Consulting fees paid or accrued to former CFO	**-**	26,250
Consulting fees paid or accrued to a former Director and family members of a former Director of the Company	**47,355**	10,000
Share-based compensation	**5,630**	-
Total	**214,127**	59,762

Except as disclosed elsewhere in these consolidated financial statements, related party transactions for the year ended December 31, 2017 and 2016 are as follows:

(a) During the year ended December 31, 2017, the Company incurred $113,143 (2016 – ($800)) of management, consulting and R&E expenses from the Chief Executive Officer ("CEO"), President and Director of the Company.

(b) During the year ended December 31, 2017, the Company incurred $48,000 (2016 - $24,312) of accounting fees from the Chief Financial Officer ("CFO") of the Company.

(c) During the year ended December 31, 2017, the Company incurred $47,355 (2016 - $10,000) of consulting fees from a former director and family members of a former director of the Company.

(d) During the year ended December 31, 2017, the Company incurred $Nil (2016 - $26,250) of management fees from the former CFO and former Director of the Company. During the year ended December 31, 2016, the Company issued 1,575,000 common shares at $0.05 per share to settle $89,250 payable to the former CFO and former Director of the Company (Note 10).

(e) Included in accounts payable and accrued liabilities as at December 31, 2017 is $68,411 (2016 - $20,560) due to various related parties.

(f) During the year ended December 31, 2016, the Company issued 1,050,572 common shares at $0.05 per share to settle $40,529 due to a director of a greater than 10% shareholder of the Company.

(g) Included in loans payable as at December 31, 2017 is $22,471 (2016 - $51,351) due to various related parties (Note 9).

(Expressed in Canadian dollars)

14. GOVERNMENT GRANT

On March 1, 2017, the Company entered into a contribution agreement with the National Research Council Canada. The purpose of the agreement is to design, develop, and test a simple game that will be developed featuring animation, user interaction, and accuracy. The total federal contribution was $57,372 for cost incurred by the Company during the project phase. The duration of the agreement was 2 months.

During the year the Company used the proceeds of $57,372 to pay salaries and contractor fees.

The Company periodically receives financial assistance under Scientific Research and Experimental Development Tax Incentive (“SR&ED") Program, which provides support in the form of tax credits and/or refunds, to business who conduct scientific research or experimental development in Canada. During the year ended December 31, 2017, the Company received proceeds from the tax credit refund in the amount of $99,181 of which $17,171 and $82,010 related to the fiscal 2015 and 2014, respectively.

15. CONTINGENCIES

The Company received a demand letter from a party alleging a breach of agreement for the period from November 30, 2015 to May 1, 2016 and the amount of the claim filed was $6,113. The dispute has been submitted to the Provincial Court of British Columbia. During the year ended December 31, 2017, the Company settled this claim for $6,113. As a result, on May 19, 2017, a Notice of Withdrawal was filed with the Provincial Court of British Columbia.

The Company received a Civil Claim filed to the Provincial Court of Alberta in the amount of $24,319 for services provided in 2014. During the year ended December 31, 2017, the Company settled this claim for $11,057. As a result, on June 13, 2017, a Notice of Withdrawal was filed with the Provincial Court of Alberta.

In October 2017, the Company received an Originating Application and Affidavits filed to the Court of Queen’s Bench of Alberta for the dissent procedure related to the acquisition of MV by the Company. The Applicants are seeking fair value payments for the common shares in the capital of MV and the costs of the proceedings. The Company intends to negotiate a settlement with the dissenting shareholders.

16. INCOME TAXES

The Company’s provision for income taxes differs from amounts computed by applying the combined Canadian federal and provincial tax rates, as a result of the following:

Year ended December 31,	**2017**	2016
	$	$
Loss for the year before income taxes	**(1,618,108)**	(593,299)
Expected income tax recovery at a combined federal and provincial rate of 26% (2015: 26%)	**(420,708)**	(154,258)
Tax effects of:		
Permanent and other differences	**259,020**	43,555
Other adjustments	**2,305**	(9,348)
Change in deferred assets not recognized	**159,383**	120,051
Recovery of (provision for) income taxes	**-**	-

(Expressed in Canadian dollars)

16. INCOME TAXES (continued)

The tax effects of temporary timing differences that give rise to significant components of the deferred tax assets are as follows:

As at December 31,	**2017**	2016
	$	$
Non-capital loss carry forwards	**560,580**	398,892
Share issuance costs	**7,043**	9,348
Net deferred tax assets	**567,623**	408,240

As at December 31, 2017, the Company has unused non-capital loss carry forwards for tax purposes of approximately $2,156,076 (2016 - $1,534,200) that are available to offset future taxable income, which, if unutilized, will expire as follows:

Expiry	Amount
	$
2034	85,824
2035	1,022,594
2036	425,782
2037	621,876
Total	2,156,076

17. SUBSEQUENT EVENT

Subsequent to December 31, 2017:

a) 4,480,070 warrants expired unexercised (Note 10).