E-Play Digital Inc.

Consolidated Financial Statements

For the year ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
E-Play Digital Inc.

Opinion

We have audited the consolidated financial statements of E-Play Digital Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,232,975 during the year ended December 31, 2019 and, as of that date, the Company's current liabilities exceeded its total assets by $280,973. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Robert G. Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

1735-555 Burrard Street
Vancouver, BC
June 12, 2020

E-Play Digital Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
		$	$
ASSETS			
Current Assets			
Cash		**35,611**	148,433
Amounts receivable		**38,772**	22,314
Due from related party	10	**3,159**	-
		77,542	170,747
Licenses and marketing rights	4	**1**	1
Intangible assets	4	**12,146**	2,055,580
		89,689	2,226,328
LIABILITIES			
Current Liabilities			
Bank indebtedness		**26,547**	-
Accounts payable and accrued liabilities	10	**317,385**	213,897
Short-term loan	5	**14,583**	15,613
		358,515	229,510
Loans payable	6	**1,242,325**	1,242,325
		1,600,840	1,471,835
SHAREHOLDERS' DEFIENCY			
Share capital	7	**7,136,346**	6,451,848
Reserves	7	**807,112**	524,279
Deficit		**(9,378,548)**	(6,159,311)
Equity attributable to shareholders		**(1,435,090)**	816,816
Non-controlling interest		**(76,061)**	(62,323)
Total equity		**(1,511,151)**	754,493
		89,689	2,226,328

Nature of operations and going concerns	1
Contingency	11
Subsequent events	15

Approved and authorized for issuance by the Board of Directors on June 12, 2020:

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

E-Play Digital Inc.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
		$	$
Revenue		**26,991**	204,990
Cost of sales		**-**	(3,075)
		26,991	201,915
General and administrative expenses			
Amortization	4	**1,214**	-
Bad debt		**2,350**	19,793
Consulting fees	10	**81,630**	77,509
Foreign exchange gain (loss)		**(3,158)**	1,185
Interest expense		**4,348**	4,430
Investor relations		**246,640**	111,480
Office and miscellaneous		**9,504**	12,952
Management fees	10	**86,765**	70,500
Professional fees	10	**100,975**	105,581
Regulatory and transfer fees		**23,926**	14,931
Research and development	10 & 13	**272,540**	290,871
Sales and marketing		**88,213**	67,650
Share-based compensation	7(d) & 10	**282,833**	99,608
Travel		**30,420**	34,899
Total expenses		**(1,228,200)**	(911,389)
Other items			
Bad debt recovery		**4,638**	-
Gain or loss on settlement of debts	7(b) & 14	**19,176**	257,771
Write-off of debt		**-**	5,105
Write-off of goodwill	4	**(2,055,580)**	-
Total other items		**(2,031,766)**	262,876
Net loss and comprehensive loss		**(3,232,975)**	(446,598)
Net loss attributable to:			
Shareholders of the Company		**(3,219,237)**	(447,042)
Non-controlling interest		**(13,738)**	444
		(3,232,975)	(446,598)
Basic and diluted loss per common share		**(0.05)**	(0.01)
Weighted average number of common shares outstanding		**61,392,014**	48,437,950

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

E-Play Digital Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Deficit	Non-controlling Interest	Total
		$	$	$	$	$
Balance, December 31, 2017	**45,872,774**	**5,439,832**	**360,507**	**(5,712,269)**	**(62,767)**	**25,303**
Shares issued for cash (Note 7(b))	7,207,485	534,524	-	-	-	534,524
Share issue costs	-	(850)	-	-	-	(850)
Shares issued to settle debts (Notes 7(b), 10 and 14)	3,467,536	478,342	64,164	-	-	542,506
Share-based compensation (Note 7(d))	-	-	99,608	-	-	99,608
Comprehensive loss	-	-	-	(447,042)	444	(446,598)
Balance, December 31, 2018	**56,547,795**	**6,451,848**	**524,279**	**(6,159,311)**	**(62,323)**	**754,493**
Shares issued for cash (Note 7(b))	6,625,000	500,000	-	-	-	500,000
Share issue costs	-	(20,000)	-	-	-	(20,000)
Exercise of warrants (Notes 7(b) and 7(e))	700,000	73,500	-	-	-	73,500
Shares issued to settle debts (Notes 7(b), 10 and 14)	1,936,744	130,998	-	-	-	130,998
Share-based compensation (Note 7(d))	-	-	282,833	-	-	282,833
Comprehensive loss	-	-	-	(3,219,237)	(13,738)	(3,232,975)
Balance, December 31, 2019	**65,809,539**	**7,136,346**	**807,112**	**(9,378,548)**	**(76,061)**	**(1,511,151)**

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

E-Play Digital Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Operating activities		
Net loss	**(3,232,975)**	(446,598)
Adjustments for non-cash items:		
Amortization	**1,214**	-
Bad debt	**2,350**	19,793
Gain on settlement of debts	**(19,176)**	(257,771)
Share-based payments	**282,833**	99,608
Unrealized foreign exchange gain	**(1,030)**	561
Write-off of debt	**-**	(5,105)
Write-off of goodwill	**2,055,580**	
Change in non-cash working capital components:		
Amounts receivable	**(18,808)**	6,424
Prepaid expenses	**-**	4,010
Accounts payable and accrued liabilities	**280,209**	184,792
Net cash used in operating activities	**(649,803)**	(394,286)
Investing activities		
Purchase of intangible assets	**(13,360)**	-
Net cash used in investing activities	**(13,360)**	-
Financing activities		
Shares issued for cash	**500,000**	534,524
Share issue costs	**(20,000)**	(850)
Exercise of warrants	**73,500**	-
Loans receivable repayments	**37,682**	-
Loans provided	**(40,841)**	-
Loans received	**-**	70,814
Loans repaid	**-**	(93,285)
Net cash provided by financing activities	**550,341**	511,203
Increase (Decrease) in cash	**(112,822)**	116,917
Cash, beginning	**148,433**	31,516
Cash, ending	**35,611**	148,433

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

Supplemental cash flow information (Note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERNS

E-Play 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 E-Play Digital Inc. in conjunction with its acquisitions of PokerVision Media Inc. ("PV") and Mobovivo Inc. ("MV") and change of its business to developing and operating broadcast and live video technologies. 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, 2019, the Company had a working capital deficiency of $280,973 (2018 – $58,763) and had an accumulated deficit of $9,378,548 (2018 – $6,159,311) 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, 2019, 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:

<u>Judgments</u>

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 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 5 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

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of loss and comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and comprehensive loss.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of loss and comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable	Amortized cost
Short-term loan	Amortized cost
Loans payable	Amortized cost

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.

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at December 31, 2019 and 2018 the Company believes that the carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and loans approximate the fair values because of their nature and relatively short maturity dates or durations.

Changes in accounting policies

i) IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The adoption of IFRS 16 did not have a material impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. INTANGIBLE ASSETS

Cost	Brands, trademarks and others $	Licenses and marketing rights $	Goodwill $	Total $
Balance at December 31, 2018	-	1	2,055,580	2,055,581
Additions	13,360	-	-	13,360
Amortization	(1,214)	-	-	(1,214)
Impairment	-	-	(2,055,580)	(2,055,580)
Balance at December 31, 2019	12,146	1	-	12,147

During the year ended December 31, 2019, the Company acquired a list of Instagram influencers to be utilized in new and existing Mobile games.

The Company has determined that the goodwill value attributable to Mobovivo Inc. acquisition is impaired and therefore has written down the goodwill to $Nil as the Company has begun the transition from 100% service revenue to direct consumer revenue.

5. SHORT-TERM LOAN

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, 2019, the loan was valued at $14,583 (2018 - $15,613) due to foreign currency fluctuation. The loan is non-interest bearing, unsecured and is due on demand.

6. LOANS PAYABLE

The Company has the following loans payable as at December 31, 2019 and 2018:

As at	**2019**	2018
	$	$
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
Due to related parties	**112**	112
Total	**1,242,325**	1,242,325
Presented as:		
Current	**-**	-
Non-current	**1,242,325**	1,242,325

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.

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

6. LOANS PAYABLE (continued)

Canada Media Fund ("CMF") – 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, 2019 and 2018, 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, 2019 and 2018, 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.

6. 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, 2019 and 2018, 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, 2019 and 2018, 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.

6. 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 September 30, 2018 was $1,141,350.

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 was in breach of its Investment Agreement for failing to provide the royalty payment within the prescribed due dates 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.

On November 13, 2018, the Company entered into a Termination and Mutual Release Agreement with AVAC whereby the parties have agreed to settle the dispute and terminate the Investment Agreement in the amount of $575,281. AVAC has agreed to fully discharge the security and terminate the Security Agreement and the Company agreed to issue to AVAC 1,568,628 units at a deemed price of $0.145 per unit. Each unit consists of one common share and one-half share purchase warrant (Notes 7(b) and 14). Each warrant can be exercised to purchase one additional common share at $0.15 per share for a period of 12 months from the date of issuance. The weighted average fair value of the share purchase warrants of $64,164 was determined using the Black-Scholes pricing model using the following assumptions: expected life of stock option of 1 year, volatility of 156.7%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 2.28%.

Due to related parties and other loans payable

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

On June 8, 2018, the Company issued 41,136 common shares at $0.12 per common share to settle a loan payable balance of $4,525 (Notes 7(b) and 14).

7. SHARE CAPITAL

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

(b) Issued and Outstanding:

On June 8, 2018, the Company issued 1,000,000 units at $0.10 per unit for gross proceeds of $100,000. Each unit consisted of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.15 per share until June 9, 2019.

On June 8, 2018, the Company issued 41,136 common shares at $0.12 per share to settle a loan payable balance of $4,525. The Company recorded a loss on settlement in the amount of $411 (Notes 6 and 14).

On June 8, 2018, the Company issued a total of 936,909 common shares at $0.12 per share to settle certain accounts payable with related parties in the amount of $103,060. The Company recorded a loss on settlement in the amount of $9,369 (Note 10).

On October 23, 2018, the Company closed a non-brokered private placement for 5,707,485 units at $0.07 per unit for gross proceeds of $399,524. Each unit consisted of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.105 per share on or before October 31, 2019.

On November 13, 2018, the Company issued to AVAC 1,568,628 units at a deemed price of $0.145 per unit related to entering into a Termination and Mutual Release Agreement with AVAC whereby the parties have agreed to settle the dispute and terminate the Investment Agreement in the amount of $575,281 (Note 6). Each unit consists of one common share and one-half share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.15 per share for a period of 12 months from the date of issuance. The weighted average fair value of the share purchase warrants of $64,164 was determined using the Black-Scholes pricing model using the following assumptions: expected life of stock option of 1 year, volatility of 156.7%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 2.28%. The Company recorded a gain on settlement in the amount of $283,666.

On November 13, 2018, the Company issued 147,843 common shares at $0.145 per share to settle accounts payable balance of $18,850. The Company recorded a loss on settlement in the amount of $2,587.

On November 13, 2018, the Company issued a total of 773,020 common shares at $0.145 to settle certain accounts payable with related parties in the amount of $98,560. The Company recorded a loss on settlement in the amount of $13,528 (Note 10).

On November 30, 2018, the Company closed the second tranche of a non-brokered private placement for 500,000 units at $0.07 per unit for gross proceeds of $35,000. Each unit consisted of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.105 per share on or before November 30, 2019.

7. SHARE CAPITAL (continued)

(b) Issued and Outstanding (continued):

On February 15, 2019, the Company issued 189,500 common shares at $0.065 per share to settle accounts payable balance of $18,950. The Company recorded a gain on settlement in the amount of $6,632 (Note 14).

On February 15, 2019, the Company issued a total of 416,944 common shares at $0.065 to settle certain accounts payable with related parties in the amount of $41,694. The Company recorded a gain on settlement in the amount of $14,593 (Note 10 and 14).

On March 22, 2019, the Company issued 200,000 common shares upon exercise of warrants at $0.105 per share for gross proceeds of $21,000.

On April 25, 2019, the Company issued 500,000 common shares upon exercise of warrants at $0.105 per share for gross proceeds of $52,500.

On May 31, 2019, the Company closed a non-brokered private placement for 5,625,000 units at $0.08 per unit for gross proceeds of $450,000. Each unit consisted of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.15 per share on or before May 31, 2021. Shares issuance costs totaled $20,000.

On May 31, 2019, the Company issued 92,800 common shares at $0.095 per share to settle accounts payable balance of $9,280. The Company recorded a gain on settlement in the amount of $464 (Note 14).

On May 31, 2019, the Company issued a total of 367,500 common shares at $0.095 to settle certain accounts payable with related parties in the amount of $36,750. The Company recorded a gain on settlement in the amount of $1,837 (Notes 10 and 14).

On November 12, 2019, the Company issued 240,000 common shares at $0.055 per share to settle accounts payable balance of $12,000 to a consultant of the Company. The Company recorded a loss on settlement in the amount of $1,200 (Note 14).

On November 12, 2019, the Company issued a total of 630,000 common shares at $0.055 to settle certain accounts payable of $31,500 with related parties. The Company recorded a loss on settlement in the amount of $3,150 (Notes 10 and 14).

On November 13, 2019, the Company closed a non-brokered private placement for 1,000,000 units at $0.05 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.08 per share on or before November 13, 2020.

(c) Escrow Shares:

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, 2019, Nil common shares remain in escrow.

7. SHARE CAPITAL (continued)

(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.

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 $61,704 was recorded as share-based compensation for the year ended December 31, 2018 and $24,251 was recorded as share-based compensation for the year ended December 31, 2019 based on the vesting provisions.

On November 7, 2018, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 1,211,823 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, a total of 280,622 options vest over 2 years, and a total of 500,000 options vest over one year. The options are exercisable at a price of $0.15 per common share for a four 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 4 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 2.42%. Total fair value was calculated to be $126,842 of which $37,904 was recorded as share-based compensation for the year ended December 31, 2018 and $67,616 was recorded as share-based compensation for the year ended December 31, 2019 based on the vesting provisions.

On February 15, 2019, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 500,000 common shares of the Company to a consultant of the Company. A total of 250,000 options vest immediately and a total of 250,000 options vest over one year. The options are exercisable at a price of $0.15 per common share for a four 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 4 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 1.79%. Total fair value was calculated to be $17,950 of which $16,778 was recorded as share-based compensation for the year ended December 31, 2019 based on the vesting provisions.

On April 17, 2019, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 500,000 common shares of the Company to a consultant of the Company. The options are exercisable at a price of $0.10 per common share for a four 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 4 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 1.66%. Total fair value was calculated to be $32,540 and recorded as share-based compensation for the year ended December 31, 2019.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(d) Stock Options (continued):

On August 12, 2019, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 2,100,000 common shares of the Company to certain directors and consultants of the Company. A total of 600,000 options vest immediately and a total of 1,500,000 options vest over four and a half months. The options are exercisable at a price of $0.10 per common share for a four 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 4 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 1.24%. Total fair value was calculated to be $118,608 and recorded as share-based compensation for the year ended December 31, 2019.

On November 13, 2019, the Company granted incentive stock options, exercisable to purchase up to an aggregate of 800,000 common shares of the Company to certain consultants of the Company. The options are exercisable at a price of $0.10 per common share for a four 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 4 years, volatility of 100%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 1.55%. Total fair value was calculated to be $23,040 and recorded as share-based compensation for the year ended December 31, 2019.

As at December 31, 2019, the following options remain outstanding:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Opening	**2,363,685**	**$0.19**	1,151,862	$0.24
Issued	**3,900,000**	**0.11**	1,211,823	0.15
Expired	**(444,595)**	**0.32**	-	-
Ending	**5,819,090**	**$0.13**	2,363,685	$0.19
Weighted average remaining life of stock options outstanding	**3.33 years**		3.32 years	

Number of options	**Number of options exercisable**	**Exercise price**	**Expiry date**
707,267	563,533	$0.19	November 14, 2022
1,211,823	784,045	$0.15	November 7, 2022
500,000	250,000	$0.15	February 14, 2023
500,000	500,000	$0.10	April 17, 2023
2,100,000	2,100,000	$0.10	August 12, 2023
800,000	800,000	$0.10	November 12, 2023
5,819,090	4,997,578	**$0.13**	

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(e) Warrants:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Opening	**11,036,912**	**$0.14**	7,860,183	$0.32
Issued	**6,625,000**	**0.14**	7,991,799	0.12
Exercised	**(700,000)**	**0.105**	-	-
Expired	**(6,291,799)**	**0.11**	(4,815,070)	0.40
Ending	**10,670,113**	**$0.16**	11,036,912	$0.14
Weighted average remaining life of warrants outstanding	**1.48 years**		1.39 years	

As at December 31, 2019, the following warrants remain outstanding:

Number of warrants		**Exercise price**	**Expiry date**
1,000,000		$0.08	November 13, 2020
1,000,000	(1)	$0.15	December 9, 2020
3,045,113	(2)	$0.20	December 20, 2021
5,625,000		$0.15	May 31, 2021
10,670,113			

(1) On May 31, 2019, the Company extended the expiry date of 1,000,000 warrants exercisable at $0.15 from June 9, 2019 to December 9, 2020

(2) Subject to the vesting terms in relation to the Company acquiring all of the issued and outstanding shares of PV and 96.7% interest in MV pursuant to the Share Purchase Agreement and Amalgamation Agreement dated September 27, 2016 as follows:

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.

(Expressed in Canadian dollars)

8. 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.

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2019	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$	$
Cash	35,611	-	-
Amounts receivable	-	38,772	-
Due from related party	-	3,159	-
Bank indebtedness	-	-	26,547
Accounts payable	-	-	317,385
Short-term loan	-	-	14,583
Loans payable	-	-	1,242,325

As at December 31, 2018	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$	$
Cash	148,433	-	-
Amounts receivable	-	22,314	-
Accounts payable	-	-	213,897
Short-term loan	-	-	15,613
Loans payable	-	-	1,242,325

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.

9. FINANCIAL INSTRUMENTS (continued)

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, 2019, the Company had cash of $35,611 (2018 - $148,433) to settle the total current liabilities of $358,515 (2018 - $229,510).

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, 2019, 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.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies.

	December 31, 2019		December 31, 2018	
Cash and cash equivalents	**USD$**	**6,347**	**USD$**	1,268
Amounts receivable	**USD$**	**-**	**USD$**	840
Accounts payable	**EUR$**	**(30,070)**	**EUR$**	(30,000)
Accounts payable	**EUR$**	**(10,000)**	**EUR$**	(10,000)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of $5,019 (2018: $5,958) in income/loss from operations.

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.

10. RELATED PARTY TRANSACTIONS

The key management personnel compensation for the year ended December 31, 2019 and 2018 is as follows:

	2019	2018
	$	$
Professional fees paid / accrued to CFO	**67,930**	64,910
Management fees paid / accrued to CEO	**86,765**	70,500
Consulting fees paid / accrued to CEO	**30,000**	35,129
Research and development paid / accrued to CEO	**30,000**	35,129
Share-based compensation	**126,735**	44,493
Total	**341,430**	250,161

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

(a) Included in accounts payable and accrued liabilities as at December 31, 2019 is $15,250 (2018 - $Nil) due to various related parties. During the year ended December 31, 2018, the Company issued 1,682,656 common shares with a fair value of $221,244 to settle certain accounts payable with related parties in the amount of $198,620 (Note 7(b)). During the year ended December 31, 2019, the Company issued 1,414,444 common shares with a fair value of $96,664 to settle certain accounts payable with related parties in the amount of $109,944 (Note 7(b)).

(b) Included in loans payable as at December 31, 2019 is $112 (2018 - $112) due to various related parties (Note 6).

(c) During the year ended December 31, 2019, the Company loaned $40,841 to the CEO of the Company. As at December 31, 2019, due from related party balance was $3,159. The loan is non-interest bearing and due on demand.

11. CONTINGENCY

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 claim total $19,154 plus 5% interest from September 14, 2018, plus fees and disbursements in the amount of $625. During the year ended December 31, 2019, the Company partially settled this claim for $8,125.

12. 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,	**2019**	2018
	$	$
Loss for the year before income taxes	**(3,232,975)**	(446,598)
Expected income tax recovery at a combined federal and provincial rate of 27% (2018: 27%)	**(872,903)**	(120,581)
Tax effects of:		
Permanent and other differences	**628,138**	24,527
Other adjustments	**(1,839)**	2,252
Effect of change in tax rate		(21,831)
Change in deferred assets not recognized	**246,604**	115,633
Recovery of (provision for) income taxes		-

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,	**2019**	2018
	$	$
Non-capital loss carry forwards	**922,960**	678,195
Share issuance costs	**6,901**	5,062
Net deferred tax assets	**929,861**	683,257

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

As at December 31, 2019, the Company has unused non-capital loss carry forwards for tax purposes of approximately $3,418,370 (2018 - $2,511,832) 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
2038	355,756
2039	906,538
Total	3,418,370

13. GOVERNMENT GRANTS

On April 9, 2019, the Company applied for financial assistance under the CanExport Program of the Department of Global Affairs and the National Research Council Canada (NRC). The program is designed to provide direct financial assistance to small and medium-sized enterprises seeking to develop new export opportunities and markets, especially in high-growth emerging markets. The total federal funding was $27,000 and the total duration of the program was from April 1, 2019 to November 30, 2019. During the year ended December 31, 2019, the Company used the proceeds of $27,000 (2018 - $Nil) to promote the BigShot project in new internal markets. Other government grants totaled $2,042 (2018 - $Nil).

14. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

On June 8, 2018, the Company issued 41,136 common shares at $0.12 per share to settle a loan payable balance of $4,525. The Company recorded a loss on settlement in the amount of $411 (Notes 6 and 7(b)).

On June 8, 2018, the Company issued a total of 936,909 common shares at $0.12 per share to settle certain accounts payable with related parties in the amount of $103,060. The Company recorded a loss on settlement in the amount of $9,369 (Notes 7(b) and 10).

On November 13, 2018, the Company issued to AVAC 1,568,628 units at a deemed price of $0.145 per unit related to entering into a Termination and Mutual Release Agreement with AVAC whereby the parties have agreed to settle the dispute and terminate the Investment Agreement in the amount of $575,281 (Notes 6 and 7(b)). Each unit consists of one common share and one-half share purchase warrant. Each warrant can be exercised to purchase one additional common share at $0.15 per share for a period of 12 months from the date of issuance. The weighted average fair value of the share purchase warrants of $64,164 was determined using the Black-Scholes pricing model using the following assumptions: expected life of stock option of 1 year, volatility of 156.7%, forfeiture rate of 0%, annual rate of dividends of 0% and a risk free rate of 2.28%. The Company recorded a gain on settlement in the amount of $283,666.

14. NON-CASH TRANSACTIONS (continued)

On November 13, 2018, the Company issued 147,843 common shares at $0.145 per share to settle accounts payable balance of $18,850. The Company recorded a loss on settlement in the amount of $2,587 (Note 7(b)).

On November 13, 2018, the Company issued a total of 773,020 common shares at $0.145 to settle certain accounts payable with related parties in the amount of $98,560. The Company recorded a loss on settlement in the amount of $13,528 (Notes 7(b) and 10).

On February 15, 2019, the Company issued 189,500 common shares at $0.065 per share to settle accounts payable balance of $18,950. The Company recorded a gain on settlement in the amount of $6,632 (Note 7(b)).

On February 15, 2019, the Company issued 189,500 common shares at $0.065 per share to settle accounts payable balance of $18,950. The Company recorded a gain on settlement in the amount of $6,632 (Note (B)).

On February 15, 2019, the Company issued a total of 416,944 common shares at $0.065 to settle certain accounts payable with related parties in the amount of $41,694. The Company recorded a gain on settlement in the amount of $14,593 (Notes 7(b) and 10).

On May 31, 2019, the Company issued 92,800 common shares at $0.095 per share to settle accounts payable balance of $9,280. The Company recorded a gain on settlement in the amount of $464 (Note 7(b)).

On May 31, 2019, the Company issued a total of 367,500 common shares at $0.095 to settle certain accounts payable with related parties in the amount of $36,750. The Company recorded a gain on settlement in the amount of $1,837 (Notes 7(b) and 10).

On November 12, 2019, the Company issued 240,000 common shares at $0.055 per share to settle accounts payable balance of $12,000 to a consultant of the Company. The Company recorded a loss on settlement in the amount of $1,200 (Note 7(b)).

On November 12, 2019, the Company issued a total of 630,000 common shares at $0.055 to settle certain accounts payable of $31,500 with related parties. The Company recorded a loss on settlement in the amount of $3,150 (Notes 7(b) and 10).

15. SUBSEQUENT EVENTS

On February 13, 2020, the Company issued 3,000,000 common shares to settle accounts payable balance of $150,000.

On February 25, 2020, the Company issued 157,500 common shares to settle accounts payable balance of $7,875.

On February 25, 2020, the Company issued 420,000 common shares to settle certain accounts payable with related parties in the amount of $21,000.

On March 25, 2020, the Company issued 1,500,000 stock options with each stock option exercisable into one common share of the Company at an exercise price of $0.05 per common share for a three years term to two consultants. The stock options vested immediately.

On March 25, 2020, the Company issued 200,000 stock options with each stock option exercisable into one common share of the Company at an exercise price of $0.10 per common share for a three years term to a single consultant. The stock options vested immediately.

On 6 May 2020, the Company issued 231,000 common shares valued at $11,550 to settle debt.

On 6 May 2020, the Company issued 998,000 common shares valued at $49,900 to settle debt with related parties.

On 14 May 2020, the Company issued 1,350,000 common shares upon exercise of options for proceeds of $67,500.