Stompy Bot Productions, Inc.

Financial Statements

For the year ending December 31 2014, and December 31, 2013

(expressed in Canadian Dollars)

MNP LLP

Independent Auditors' Report

To the Shareholders of Stompy Bot Productions, Inc.:

We have audited the consolidated statement of financial position of Stompy Bot Productions, Inc. as at December 31, 2014 and, the consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. 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 entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence 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 the Company as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes the material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

June 26, 2015
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Stompy Bot Productions, Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

As at,	**December 31, 2014 $**	December 31, 2013 $
ASSETS		(unaudited)
Current		
Cash	**21,569**	1,918
Accounts receivable	**17,439**	3,330
Taxes receivable	**6,468**	-
Advanced royalties (note 6)	**349,431**	77,837
	394,907	83,085
	394,907	83,085
LIABILITIES AND EQUITY		
Current		
Trade and other payables (note 12)	**101,885**	-
Deposits (note 8)	**106,982**	79,380
	208,867	79,380
Equity		
Share capital (note 7)	**640,288**	100
Share Based Payment Reserve (note 9)	**146,598**	-
Retained earnings (deficit)	**(600,846)**	3,605
	186,040	3,705
	394,907	83,085

Nature of operations and going concern (note 1)
Subsequent events (note 13)

On behalf of the Board of Directors on June 26, 2015:

("signed")	("signed")
James Taylor	Vince McMullin
Director	Director

The accompanying notes are an integral part of these combined financial statements.

Stompy Bot Productions, Inc.
Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended December 31, 2014 $	Year ended December 31, 2013 $
		(unaudited)
Revenue	**93,456**	16,221
Royalty Expense	**(56,968)**	(3,244)
	36,488	12,977
Operating expenses		
Sales and marketing (note 12)	**13,962**	-
Management salaries (note 9)	**49,525**	-
General and administrative	**2,909**	2,054
Professional fees	**45,792**	-
Share based payment expense	**526,596**	-
Loss on foreign exchange	**2,155**	109
(Loss) Income before income taxes	**(604,451)**	10,814
Income tax (expense) recovery (note 11)	**-**	-
Net (loss) income and comprehensive (loss) income	**(604,451)**	10,814
(Loss) Income per share - basic and diluted	**(0.026)**	108.144
Weighted average number of common shares outstanding - basic and diluted	**23,536,973**	100

The accompanying notes are an integral part of these combined financial statements.

Stompy Bot Productions, Inc.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Shares issued		Shares to be issued					
	Number of shares	Amount	Number of shares	Amount	Total	Share Based payment reserve	Retained Earnings (deficit)	Total
Balance, January 1 2013 (unaudited)	100	100	-	-	100		(7,209)	(7,109)
Shares issued / shares to be issued for cash	-	-	-	-	-			-
Shares issued / shares to be issued for services	-	-	-	-	-			-
Net income for the year							10,814	10,814
Balance, December 31 2013 (unaudited)	100	100	-	-	100	-	3,605	3,705
Balance, January 1 2014	100	100	-	-	100	-	3,605	3,705
Shares issued / shares to be issued for cash	20,020,200	102,802	3,147,768	157,388	260,190			260,190
Shares issued / shares to be issued for services	37,999,800	379,998	-	-	379,998			379,998
Stock options issued						146,598		146,598
Net loss for the year							(604,451)	(604,451)
Balance, December 31 2014	**58,020,100**	**482,900**	**3,147,768**	**157,388**	**640,288**	**146,598**	**(600,846)**	**186,040**

The accompanying notes are an integral part of these combined financial statements.

Stompy Bot Productions, Inc.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2014 $	Year ended December 31, 2013 $
		(unaudited)
Operating activities		
Net (loss) income for the year	**(604,451)**	10,814
Adjustments to reconcile net loss to cash used in operating activities:		
Share-based payments	**526,596**	-
Changes in non-cash working capital		
Accounts receivable	**(14,109)**	(3,330)
Advanced royalties	**(271,594)**	(55,175)
Taxes receivable	**(6,468)**	-
Trade and other payables	**101,885**	-
Cash used in operating activities	**(268,141)**	(47,691)
Financing activities		
Issuance of capital stock	**260,190**	-
Receipt of deposits	**27,602**	49,320
Cash provided from financing activities	**287,792**	49,320
Increase in cash	**19,651**	1,629
Cash, beginning of year	**1,918**	289
Cash, end of year	**21,569**	1,918

The accompanying notes are an integral part of these combined financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Stompy Bot Productions, Inc., ("Stompy" or "the Company") was incorporated under the laws of New Brunswick on May 28, 2012. The Company's head office is located at 1216 Sand Cove Road, Saint John, NB, E2M 5V8.

StompyBot Productions, Inc. is a video game publisher that publishes video games that they either develop internally or engage a video game developer to build for them.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company has a net loss for the year December 31, 2014 of $(604,451) and a profit from the year ended December 31, 2013 of $10,814. As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. These conditions, cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These financial statements were approved and authorized by the Board of Directors of the Company on June 26, 2015.

2.2 Basis of presentation

The combined financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these combined financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these combined financial statements are outlined below:

Calculation of share-based payments

The Black-Scholes option pricing model is used to determine the fair value for the stock options and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

2. BASIS OF PREPARATION (continued)

2.4 New and revised standards

New standards and interpretations to be adopted in future periods

At the date of authorization of these Financial Statements, the IASB and IFRS Interpretations Committee (IFRIC) have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 9 *Financial Instruments: Classification and Measurement* – as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing impairment of financial assets. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting and the effective date and transition provisions were amended to remove the mandatory effective date of IFRS 9. Subsequently, the IASB determined that IFRS 9 should be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2017. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. The Company has not yet determined the impact of the amendments on its financial statements.
- IFRS 15 *Revenue from Contracts with Customers*. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

The Company derives its revenues from two sources: (a) development fees, which is contract specific for development of technology; and (b) online game sales.

Development fee revenue is recognized when there is persuasive evidence of an agreement, the fee is measurable, the company has performed its service in accordance with the agreement and collectability is reasonably assured.

Online game sales are sold to end customers through the Company's website. These sales are recognized when the product is delivered to the customer.

3.2 Earnings per share

The basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options that are used to purchase common shares at the average market price during the year. Shares to be issued have been considered outstanding for the purposes of basic earnings per share calculations.

3.3 Share-based payments

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Taxation

Income tax (expense) recovery represents the sum of tax currently payable or recoverable and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred tax

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred 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 tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

3.6 Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss **-** This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Loans and receivables**-** loans and receivables are recognized at the date the Company becomes party to the contract and are recognized at fair value. Subsequent to the recognition date, loans and receivables are measured at amortized costs.

3.7 Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss – this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – items in this category are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company classifies its accounts payable and accrued liabilities, long-term debt and due to shareholder as other financial liabilities.

3.8 Impairment of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currency transactions

Functional and presentation currency

The functional currency of the Company is the Canadian dollar. The financial statements are presented in Canadian dollars which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4. CAPITAL MANAGEMENT

The Company manages its common shares and accumulated deficit as capital. The Company's objectives when managing capital are to safeguard the Company ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets in order at adjust the amount of cash on its balance sheet.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

5. FAIR VALUE AND FINANCIAL RISK FACTORS

Fair value of financial instruments

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level one measurement.

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

As at December 31, 2014 and December 31, 2013, both the carrying and fair value amounts of the Company's cash, receivables, and trade and other payables are approximately equivalent due to their short term nature.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and accounts receivable. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and accounts receivable is minimal. The Company's maximum exposure to credit risk as at December 31, 2014 and December 31, 2013 is the carrying value of cash and receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting it operations and anticipating its operating and investing activities. All amounts in trade and other payables of $101,885 are due within one year.

5. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

Market risk

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

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is not exposed to interest rate price risk.

Foreign currency risk

The Company is exposed to foreign currency risk due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company is not exposed to significant foreign currency risk based on its current operations.

Other price risk

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

Notes to the Financial Statements for the Years Ending December 31, 2014 and 2013 (Expressed in Canadian dollars)

6. ADVANCED ROYALTIES

The Company has made advanced royalty payments under two agreements. Under a development agreement, Studio Mektek Inc. ("Mektek"), will develop and create products for the Company. The Company agrees to advance certain funds to Mektek to assist with funding these development activities which will be considered an advance royalty to be drawn down from sales of the products developed. The royalty rate is 5% and is effective for a period of 15 years from the release of Version 1 of the first product developed. The advanced royalty net of any royalties applied is $337,065 (December 31, 2013- $60,245)

The Company also entered into an agreement with Dream Pod 9 Inc., to license certain IP for a period of 5 years, ending July 18, 2017. The license is subject to a 15% royalty rate on sales, with an initial advance of $20,000 made under the agreement. The balance at year-end is $12,366 (2013 - $17,592). The license may be renewed for an additional 5 years, subject to a new royalty rate being agreed, and being no greater than 15%.

7. SHARE CAPITAL

The following details the share capital of Stompy Bot Production Inc. Authorized: An unlimited number of common shares

a) Issued and outstanding:

	Number of Shares	**Amount $**
Balance – January 1, 2013 and December 31, 2013 (unaudited)	100	100
Balance – December 31, 2013 (unaudited)	100	100
Common shares issued	58,020,000	482,800
Balance – December 31, 2014	58,020,100	482,900

As at December 31, 2014, the Company has 3,147,768 of shares to be issued for cash, for gross proceeds of $157,388.

Notes to the Financial Statements for the Years Ending December 31, 2014 and 2013 (Expressed in Canadian dollars)

8. DEPOSITS

Deposits represent cash balances received from investors during fiscal 2012, 2013 and 2014 for potential future issuances of debt or equity.

9. STOCK OPTIONS

The Company has a stock option plan (the "Plan") under which the Company may grant options to directors, officers, employees and consultants. The number of shares to be reserved and set aside for issue under this plan is determined from time to time by the Board. The continuity of outstanding stock options outstanding is as follows:

	Number of stock options	**Weighted average exercise price per share $**
Balance – December 31, 2012 and 2013 (unaudited)	**-**	**-**
Granted	6,350,000	0.056
Exercised	-	-
Expired/Cancelled	-	-
Balance – December 31, 2014	**6,350,000**	**0.056**

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the stock options issued during the year ended December 31, 2014:

Grant date	**November 27**	**September 26**	**August 14**	**Total**
No. of options	250,000	500,000	5,600,000	6,350,000
Exercise price	$0.10	$0.10	$0.05	
Expected life in years	1	1	10	
Volatility	45%	45%	56%	
Risk-free interest rate	1.01%	1.13%	1.78%	
Dividend yield	-	-	-	
Vesting	Immediately	Immediately	¼ each quarter	
Fair value of options granted	$ 212	$ 424	$ 183,821	$ 184,457
Share-based payments recognized in profit or loss	$ 212	$ 424	$ 145,962	$ 146,598

Notes to the Financial Statements for the Years Ending December 31, 2014 and 2013 (Expressed in Canadian dollars)

9. STOCK OPTIONS (continued)

The following table provides additional information about outstanding stock options at December 31, 2014:

Issue Date	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
August 14, 2014	5,600,000	9	$ 0.05	2,800,000	$ 0.05
September 26, 2014 and November 27 2014	750,000	0.5	$ 0.10	750,000	$ 0.10
	6,350,000	9	$ 0.056	3,550,000	$ 0.061

10. RELATED PARTIES AND KEY MANAGEMENT

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	Year ended December 31, 2014	Year ended December 31, 2013 (unaudited)
Balances:		
Short-term employee benefits	31,524	-
Share-based payments - shares	180,000	-
Share-based payments - options	145,962	-
Total compensation to key management	**357,486**	**-**

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The Company entered into a services agreement with Mektek, as discussed in Note 6, a company controlled by a member of key management of the Company.

Notes to the Financial Statements for the Years Ending December 31, 2014 and 2013 (Expressed in Canadian dollars)

11. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 15% (2013 - 15%) to the effective tax rate is as follows:

	2014	2013 (unaudited)
Net loss/income before income taxes	**$ (604,451)**	$ 10,814
Expected income tax expense (recovery)	**$ (90,668)**	$ 1,623
Tax rate changes and other adjustments	**-**	-
Application of prior year losses		(1,623)
Non-deductible expenses	**79,011**	-
Other	**11,657**	-
Income tax (recovery) expense	**$ -**	$ -

Deferred tax

As of December 31 2014, there were no material temporary differences.

12. COMMITMENTS AND CONTINGENCIES

Pursuant to a License Agreement, dated March 18, 2013, between Epic Games, Inc. (“Epic Games”) and the Company, the Company was granted a non-exclusive, non-transferable, terminable and non-sublicensable license to use the proprietary computer software program known as Unreal® Engine 4 for the purpose of creating the Heavy Gear Assault video game on the PC platform. In consideration of the license, the Company will pay a royalty of 25% of the revenue received from the sale of the product. Pursuant to an amendment, dated March 10, 2015, the Company agreed to pay an initial license fee of $50,000 and will remit to Epic Games a royalty of 5% rather than 25% of the revenue received from the sale of the product.

Included in trade and other payables is a claim for $12,921 (USD $11,139) which was settled subsequent to year end.

13. SUBSEQUENT EVENTS

Pursuant to Letter of Intent, dated November 18, 2014, an affiliate of Web Watchers Ltd. (“SCorp Energy Ltd.”) will acquire all of the issued and outstanding shares the Company which will undertake a reverse takeover transaction to be listed on the Canadian Securities Exchange. The entering into the amalgamation agreement with SCorp Energy Ltd. was approved at the special shareholders meeting held on April 27, 2015.

On January 8, 2015, the Company issued 10,000,000 common shares to consultants for cash at $0.000001 for total gross proceeds of $10. On April 16, 2015, the Company issued 2,380,740 common shares at a price of $0.05 per share and the deposits balance of $106,982 as at

13. SUBSEQUENT EVENTS (continued)

December 31 2014 was converted to shares at a price of $0.05 and $0.08 per share. In addition, subsequent to year end, the 3,147,768 issuable shares as at December 31, 2014 were issued.

On March 24, 2015, the Company issued a promissory note in favour of SCorp Energy Ltd. in return for a loan in the principal amount of $347,500. The promissory note is non-interest bearing with no set repayment terms. The loan is secured against the assets of the Company.

The Company has signed a strategic partnership with NVIDIA (Nasdaq: NVDA) to bring Heavy Gear Assault to their newly announced, android-based Shield Console. As part of the agreement, NVIDIA will be paying SBC $50,000 to do the port from PC to Shield. The Shield version will be sold on their gaming distribution and streaming service, as well as Google Play for a revenue share split between the Company and NVIDIA.