Independent Auditors' Report

To the Shareholders of Stompy Bot Corporation:

We have audited the accompanying consolidated financial statements of Stompy Bot Corporation, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stompy Bot Corporation as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 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.

Toronto, Ontario
July 4, 2016

Chartered Professional Accountants
Licensed Public Accountants

STOMPY BOT CORPORATION

Consolidated Financial Statements

For the years ending December 31 2015, and December 31, 2014

(expressed in Canadian Dollars)

STOMPY BOT CORPORATION

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at,	**December 31, 2015** **$**	December 31, 2014 $
ASSETS		
Current		
Cash	165,811	21,569
Accounts receivable	39,438	17,439
Taxes receivable	66,102	6,468
Prepaid expenses	50,769	-
Advanced royalties (note 8)	826,957	349,431
Total current assets	1,149,077	394,907
Non current		
Intangibles (note 9)	111,504	-
	1,260,581	394,907
LIABILITIES AND EQUITY		
Current		
Trade and other payables	876,331	101,885
Deposits (note 11)	-	106,982
	876,331	208,867
Equity		
Share capital (note 10)	2,430,094	640,288
Share based payment reserve (note 12)	184,458	146,598
Warrants (note 10)	29,133	-
Deficit	(2,259,435)	(600,846)
	384,250	186,040
	1,260,581	394,907

Nature of operations (note 1)
Going concern (note 2)
Subsequent events (note 16)

On behalf of the Board of Directors on July 4, 2016:

("signed")	("signed")
Jon Gill	David Garland
Director	Director

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

STOMPY BOT CORPORATION
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
	$	$
Revenue		
Revenue (note 9)	-	93,456
Operating expenses		
Sales and marketing	71,205	13,962
Development expense	181,972	-
Salaries (note 13)	150,879	49,525
General and administrative	39,524	2,909
Professional fees (note 13)	542,517	45,792
Listing expenses	153,779	-
Share based payment expense	537,860	526,596
Royalty expense (recovery)	(44,294)	56,968
Loss on foreign exchange	25,147	2,155
Loss and comprehensive loss	(1,658,589)	(604,451)
Loss per share - basic and diluted	(0.035)	(0.055)
Weighted average number of common shares outstanding - basic and diluted	47,098,940	11,038,303

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

STOMPY BOT CORPORATION

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Shares issued		Shares to be issued						
	Number of Shares	**Amount**	**Number of Shares**	**Amount**	**Total**	**Warrants**	**Share Based payment reserve**	**Deficit**	**Total**
Balance, January 1 2014	47	100	-	-	100	-	-	3,605	3,705
Shares issued/shares to be issued for cash	9,389,017	102,802	1,476,231	157,388	260,190		-	-	260,190
Shares issued/shares to be issued for services	17,821,038	379,998	-	-	379.998	-	-	-	379,998
Share based payments	-	-	-	-	-	-	146,598	-	146,598
Net loss for the year	-	-	-	-	-	-	-	(604,451)	(604,451)
Balance, December 31 2014	27,210,102	482,900	1,476,231	157,388	640,288	-	146,598	(600,846)	186,040
Shares issued / shares to be issued for cash	1,476,231	157,388	(1,476,231)	(157,388)	-	-	-	-	-
Shares to be issued for cash	-	-	1,116,511	119,037	119,037	-	-	-	119,037
Shares issued / shares to be issued for cash	1,116,511	119,037	(1,116,511)	(119,037)	-	-	-	-	-
Shares to be issued for services	4,689,772	500,000	-	-	500,000	-	-	-	500,000
Deposits converted to shares	826,470	116,983	-	-	116,983	-	-	-	116,983
Reverse takeover transaction	19,088,371	654,179	-	-	654,179	-	-	-	654,179
As at RTO (note 5)	54,407,457	2,030,487	-	-	2,030,487	-	-	-	1,576,239
Shares issued / shares to be issued for cash	171,000	42,750	-	-	42,750	-	-	-	42,750
Shares issued / shares to be issued for cash	4,374,875	320,857	450,000	36,000	356,857	29,133	-	-	385,990
Share based payments	-	-	-	-	-	-	37,860	-	37,860
Net loss for the year	-	-	-	-	-	-	-	(1,658,589)	(1,658,589)
Balance, December 31	**58,953,332**	**2,394,094**	**450,000**	**36,000**	**2,430,094**	**29,133**	**184,458**	**(2,259,435)**	**384,250**

All share amounts have been presented on a post-consolidation basis (see Note 5)

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

STOMPY BOT CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2015 $	Year ended December 31, 2014 $
Operating activities		
Loss for the year	(1,658,589)	(604,451)
Adjustments to reconcile net loss to cash used in operating activities:		
Listing expenses	126,057	-
Share-based payments	537,860	526,596
Changes in non-cash working capital		
Accounts receivable	(21,999)	(14,109)
Taxes receivable	(59,634)	(6,468)
Prepaid expenses	(50,769)	-
Advanced royalties	(252,388)	(271,594)
Trade and other payables	469,094	101,885
Cash used in operating activities	(910,368)	(268,141)
Investing activities		
Purchase of intangibles (note 9)	(23.217)	-
Cash used in investing activities	(23,217)	-
Financing activities		
Issuance of capital stock	547,777	260,190
Receipt of deposits	10,000	27,602
Receipt of intercompany loan	520,050	-
Cash provided from financing activities	1,077,827	287,792
Increase in cash	144,242	19,651
Cash, beginning of year	21,569	1,918
Cash, end of year	165,811	21,569

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

1. NATURE OF OPERATIONS

Stompy Bot Corporation (formerly SCorp Energy Ltd., the "Company") was incorporated under the *British Columbia Business Corporations Act* ("BCBCA") on October 30, 2014 as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. ("Web Watcher"). The Company 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 registered office is located at 1216 Sand Cove Road, Saint John, New Brunswick, E2M 5V8, Canada.

On November 18, 2014, Stompy Bot Productions, Inc. ("Stompy Bot") and Web Watcher entered into a letter of intent (the "LOI") providing for the amalgamation of SCorp Energy and Stompy Bot to form the Issuer. On December 9, 2014, Web Watcher entered into an arrangement agreement (the "Arrangement Agreement") with its wholly-owned subsidiary: SCorp Energy. Under the terms of the Arrangement Agreement, Web Watcher would complete a plan of arrangement (the "Plan of Arrangement") which would divest Web Watcher of the asset consisting of the LOI, which would be divested to SCorp Energy in consideration of 14,403,698 common shares of SCorp Energy.

Web Watcher received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on January 29, 2015, and received final approval to the Arrangement from the Supreme Court of British Columbia on February 5, 2015.

On June 18, 2015, the Company has acquired from the Stompy Bot shareholders all of the issued and outstanding shares of Stompy Bot in exchange for an equal number of common shares in the capital of the Company (the "Acquisition"). Upon completion of the Acquisition, Stompy Bot became a wholly-owned subsidiary of the Company and SCorp Energy Ltd changed its name to Stompy Bot Corporation. The Acquisition was accounted for as a reverse acquisition (refer to note 5).

2. GOING CONCERN

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, 2015 of $1,658,589 and a net loss from the year ended December 31, 2014 of $604,451. The Company's cumulative deficit was $2,259,435 as of December 31, 2015, and $600,846 as of December 31, 2014. 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.

Management is exploring various financing alternatives, which includes equity and debt offerings. Specifically, the Company has a unit offering outstanding of 25 million units of the Corporation at a price of $0.08 per unit, including a share purchase warrant to acquire one common share at $0.12 within eighteen months. From this unit offering, $320,857 was received prior to year-end and an additional $36,000 was received for units to be issued. In addition, the Company announced a private placement of up to $150,000 of convertible unsecured debenture units. The Company is also evaluating various government and media grants. Subsequent to year-end the Company was successful in receiving $300,000 from the Canadian Media Fund.

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.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated 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 July 4, 2016.

3.2 Basis of presentation

The consolidated 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 4.

3.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated 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 consolidated 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 consolidated 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.

Capitalization of intangible assets

Management evaluates the progress of video game development activities in order to determine if the criteria for capitalizing those costs under IAS 38- *Intangible Assets* have been met. Costs are only capitalized when the technical feasibility of the project is established, the company has identified a market for the video game which will generate revenue, the company has established an adequate plan to that identifies the technical resources to complete the project and expenses related to the development project can be reliably measured.

Reverse takeover

As described in Note 5, the Company determined that the accounting target, SCorp Energy Ltd. did not meet the definition of a business under IFRS 3- *Business Combinations*. This was because SCorp Energy Ltd. had minimal inputs such as cash and no processes to create any outputs. Therefore, in Note 5, the reverse takeover has been accounted for as an asset acquisition.

3. BASIS OF PREPARATION (continued)

3.4 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, will replace the guidance provided in IAS 39, Financial Instruments Recognition and Measurements, in regards to the classification and measurement of financial assets. This change will be completed and implemented in three separate phases: (i) classification and measurement of financial assets and liabilities; (ii) impairment of financial assets; and (iii) hedge accounting. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of IFRS 9 has not yet been determined.

- IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), will replace the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenues generated from contracts with customers, with the exception of revenue earned from contracts in the scope of other standards, such as financial instruments, insurance contracts and leases. The new standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with customers. IFRS 15 is effective for the fiscal year beginning January 1, 2018. The extent of the impact of adoption of IFRS 15 has not yet been determined.

- IFRS 16, Leases (“IFRS 16”) was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company’s financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

Revenues earned for games under development are classified as a reduction of capitalized development costs for the particular title. If there are no related development costs associated with a particular title, the amount is reflected as revenue in the statement of comprehensive loss.

4.2 Earnings per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4.3 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial Instruments

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

4.6 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.

4.7 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.

4.8 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 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.

4.10 Intangible Assets

Intangible assets acquired from third parties are measured initially at their fair value and either classified as indefinite life or finite life depending on their characteristics. Internally generated intangible assets, such as development costs, are capitalized only when the product is technically and commercially feasible, the costs of generating the asset can be reliably measured, and there is an adequate plan to complete the project. Revenues associated with testing products under development is recorded as a reduction of development costs. Intangible assets with indefinite lives are tested for impairment at least annually for impairment and intangible assets with finite lives are reviewed for indicators of impairment at least annually.

5. REVERSE TAKEOVER

The Company, Stompy Bot and 682147 N.B. Ltd. ("Subco") entered into an amalgamation agreement (the "Amalgamation Agreement") dated as of May 5, 2015 (as amended on May 31, 2015), pursuant to which the parties completed an amalgamation by way of a three-cornered amalgamation (the "Transaction"). Under the terms of the Amalgamation Agreement, the Company completed a consolidation of its Common Shares, resulting in the Company having 4,801,233 Common Shares prior to closing (the "Closing") of the Transaction. Stompy Bot amalgamated with Subco on June 18, 2015 and the Company commenced carrying on the business of Stompy Bot on that date. Upon completion of the Transaction, Stompy Bot became a wholly-owned operating subsidiary of the Company.

On June 1, 2015, the Company filed articles of amendment to change its name to "Stompy Bot Production Inc." and on June 3, 2015, the Company filed articles of amendment to change its name to "Stompy Bot Corporation".

Prior to completion at of the Transaction, the Company had not commenced any commercial operations other than entering into the LOI and the Amalgamation Agreement and until completion of the Transaction, the Company did not have a business, business operations, or any material assets other than cash and cash equivalent. The transaction does not constitute a business combination, as the Company did not meet the definition of a business. As a result, the transaction has been accounted for as an acquisition of a stock exchange entity.

5. REVERSE TAKEOVER (cont'd)

Transaction Mechanics

Pursuant to the Amalgamation Agreement, and as a condition of completion of the Transaction, the following transactions occurred in the order set out in the Amalgamation Agreement on or before the completion of the Transaction:

Private Placement

The Company completed a private placement (the "Private Placement") of an aggregate of 14,287,138 Special Warrants of the Company for gross proceeds of $500,050. The Private Placement was completed in tranches: as to 9,929,996 Special Warrants on March 19, 2015; 3,000,000 Special Warrants on May 31, 2015; and 1,357,142 on June 18, 2015. Each Special Warrant entitles the holder to acquire one Common Share, without additional payment or further action on the part of the holder, upon satisfaction of all of the following conditions: the satisfaction or waiver of all conditions precedent to the Transaction as set out in the Amalgamation Agreement; and the receipt of all required regulatory, shareholder and third party approvals necessary for the Company to complete the Transaction (the "Conditions On June 18, 2015, the outstanding Special Warrants were converted into 14,287,138 Common Shares.

Share Exchange upon Completion of the Transaction

Pursuant to the terms of the Amalgamation Agreement, each shareholder of Stompy Bot received one (1) Common Share for every 2.1323 common shares of Stompy Bot held by such shareholder. Stompy Bot had 75,310,891 common shares outstanding prior to the completion of the Transaction resulting in 35,319,086 common shares being issued to the former shareholders of Stompy Bot.

Treatment of Stompy Bot Options

All of the holders ("Stompy Bot Optionholders") of stock options ("Stompy Bot Options") of Stompy Bot that were not duly exercised prior to the Closing, whether vested or unvested, were exchanged for stock options of the Company ("Exchange Options") pursuant to an Option Exchange Agreement entered into between the Company, Stompy Bot and each of the Stompy Bot Optionholders on a basis of one (1) Exchange Option for each 2.1323 Stompy Bot Options. The Exchange Options are subject to the terms and conditions of the Company's Stock Option Plan. Stompy Bot had 6,350,000 Stompy Bot Options outstanding prior to the completion of the Transaction, resulting in 2,978,004 Exchange Options being granted. The contractual life of these options was reduced to 5 years on this date and this modification had no effect on the share-based payment expense.

Following the Consolidation, the Company had 4,801,333 Common Shares issued and outstanding immediately prior to the completion of the Transaction. Upon the completion of the Transaction, and after conversion of the Special Warrants, the Issuer had 54,407,457 Common Shares issued and outstanding, with former shareholders of Stompy Bot holding 35,319,086 Common Shares.

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

The following details the share capital of Stompy Bot prior to reverse takeover	**Share Capital #**	**Share Capital $**
Shares issued and issuable as at March 31, 2015	73,548,608	1,259,325
Deposits converted to shares	1,762,283	116,983
Total shares issued	75,310,891	1,376,308
Conversion ratio	2.1323	-
Total shares issued prior to reverse takeover	35,319,086	1,376,308
The following details the share capital of SCorp energy Ltd. prior to reverse takeover		
Shares issued as at March 31, 2015	100	100
Consolidation ratio	3:1	-
Shares issued post consolidation	33	100
Issuance of shares to parent	4,801,233	100
Conversion of special warrants into common shares	14,287,138	500,050
Cancellation of shares under a treasury agreement	-33	(100)
Total shares issued prior to reverse takeover	19,088,371	500,150
The following details the share capital of the Company following the reverse takeover		
Total shares issued - Stompy	35,319,086	1,376,308
Total shares issued - SCorp	19,088,371	654,179
Total shares following the reverse takeover	54,407,457	2,030,487

The excess of the fair value of the consideration received by the pre-Acquisition shareholders of SCorp Energy Ltd. over the fair value of the identifiable net assets of SCorp Energy Ltd. on the closing date of the Acquisition was calculated as follows

Fair value of the consideration received by the pre-Acquisition shareholders of SCorp Energy Ltd.	654,179
Total fair value of consideration received	654,179
Identifiable net assets of SCorp Energy Ltd. acquired by Stompy Bot	
Net working capital	(508,122)
Total fair value of identifiable net assets acquired by Stompy bot	(508,122)
Reverse takeover listing expense	**146,057**

There were additional listing expenses after the transaction of $7,722 for a total of $153,779.

6. 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.

6. CAPITAL MANAGEMENT (cont'd)

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.

7. 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, 2015 and December 31, 2014, both the carrying and fair value amounts of the Company's cash, accounts receivable, trade and other payables, and deposits 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, 2015 and December 31, 2014 is the carrying value of cash and accounts 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 $876,331 are due within one year.

7. 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, offset by small revenues received 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.

8. 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 $819,329 (December 31, 2014- $337,064)

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 $7,628 (2014 - $12,366.)   The license may be renewed for an additional 5 years, subject to a new royalty rate being agreed, and being no greater than 15%.

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

9. INTANGIBLES

	Heavy Gear Development $	Sabotage License $	Bit Raider License $	Total $
Cost				
As at January 1, 2015	**-**	**-**	**-**	**-**
Additions	130,694	13,184	1,853	145,731
Testing revenue	(34,227)	-	-	(34,227)
As at December 31, 2015	**96,467**	**13,184**	**1,853**	**111,504**

10. 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 – December 31, 2014	27,210,102	482,900
Balance – December 31, 2015		
Common shares issued	58,953,332	2,403,227

See Note 5 for shares issued and converted as part of the Reverse Takeover.

During the year ended December 31, 2015, 171,000 shares were issued at $0.25 for gross proceeds of $42,750 and 4,374,875 units were issued at $0.08 for gross proceeds of $349,990. Each unit contained one common share and one warrant for a strike price of $0.12, expiring in 18 months of purchase.

As at December 31, 2015, the Company had 450,000 units for gross proceeds of $36,000. Subsequent to year end, those shares were issued under the same terms as the units above.

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd)

b) Warrants:

	Number of warrants	Weighted Avg Exercise Price
Balance January 1, 2015	-	-
Warrants issued	4,374,875	$0.12
Warrants exercised	-	-
Warrants expired	-	-
Balance December 31, 2015	4,374,875	$0.12

Warrants to acquire common shares outstanding were as follows:

Issuance Date	Number of Warrants	Weighted Avg Exercise Price	Expiry Date
November 30 to December 19, 2015	4,374,875	$0.12	May 31 to June 19, 2017
Total	4,374,875	$0.12	

The fair value of the warrants issued in conjunction with the above offering was estimated using the Black Sholes model with the following assumptions:

	Q4 Warrants
Expected life	**18 Months**
Expected volatility	**41%**
Risk-free interest rate	**0.49%**
Dividend	**Nil**
Underlying share price	**$0.07-$0.09**
Strike price	**$0.12**

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

11. DEPOSITS

Deposits represent cash balances received from investors for potential future issuances of debt or equity.

12. 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, 2014	2,978,004	0.119
Granted	-	-
Exercised	-	-
Expired	(351,732)	0.213
Balance – December 31, 2015	**2,626,272**	**0.107**

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	117,244	234,488	2,626,272	2,978,004
Exercise price	\$0.21	\$0.21	\$0.107	
Expected life in years	1	1	5	
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	\$ 183,822	\$ 184,458
Share-based payments recognized in profit or loss	\$ 212	\$ 424	\$ 183,822	\$ 184,458

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

12. STOCK OPTIONS cont'd

The following table provides additional information about outstanding stock options at December 31, 2015:

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	2,626,272	4.50	$ 0.107	2,626,272	$ 0.107

13. 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, 2015	Year ended December 31, 2014
Balances:		
Short-term employee benefits	$44,011	$31,524
Share-based payments - shares	16,000	180,000
Share-based payments - options	37,860	145,962
Total compensation to key management	**$97,871**	**$357,486**

Included in Trade and other payables are amounts of $11,400 and $153,708 due to a director. The first amount is a note that bears interest at prime + 6% and is due on demand. The second amount is due to a law firm of which this director is a partner.

The Company entered into a services agreement with Mektek, as discussed in Note 8, a company controlled by a member of key management of the Company. Amounts due to Mektek are $1,087 as at December 31, 2015.

Amounts due Directors are $10,000 as at December 31, 2015.

Notes to the Financial Statements for the Years Ending December 31, 2015 and 2014 (Expressed in Canadian dollars)

14. INCOME TAXES

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize these benefits:

	2015	2014
Non capital losses	**$ 1,398,688**	$ 277,856
Share issuance costs	**417,075**	179,998
	$ 1,815,763	$ 457,854

The Canadian non-capital losses carried forward will expire between 2033 and 2035. Share issue and financing costs will be fully amortized in 2019.

15. COMMITMENTS AND CONTINGENCIES

The Company's license and development agreements require either future contractual payments or commitments to remit a percentage of royalties. The following analysis reflects the Company's contractual obligations as at December 31, 2015.

An analysis of the Company's cash commitments are as follows

Due in 2016	Due 2017-2020
$	$
US$ 116,000	-

The Company has committed to share royalties of future game sales as follows:

	Heavy Gear[1&2]	Sabotage	Locke & Key[3]	Armoured Cock
Minimum Royalties	20%	15%	10%	5%

[1]In addition to minimum royalties, there is a sales distribution royalty for Heavy Gear on the Steam Distribution platform of 25%.
[2]The Company has also received advance payments from Nvidia, to develop Heavy Gear for PC. The Company has received US$15,000 and will receive US$35,000 subject to completing certain milestones.
[3]The Company is currently in breach of its agreement due to non-payment of CD$150,458

Included in trade and other payables is a (2014) claim for $12,921 (USD $11,139) which was settled subsequent to year end.

16. SUBSEQUENT EVENTS

Subsequent to year end, the Company announced that it has signed a partnership agreement with the Canada Media Fund ("CMF") and has secured development funding for $300,000 for Sabotage. This funding is secured and subject to certain conditions and may be repayable if final approval is not obtained.