# STOMPY BOT CORPORATION

## Unaudited Condensed Consolidated Financial Statements

## For the quarter ending March 31 2016 and 2015

**(expressed in Canadian Dollars)**

INDEX

# STOMPY BOT CORPORATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
## March 31, 2016

Management has prepared the information and representations in this interim report. The condensed and consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed and consolidated interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

**Notice of no auditor review of interim financial statements:**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed and consolidated interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed and consolidated unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

# STOMPY BOT CORPORATION

## Condensed and Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

| *As at,* | **March 31, 2016** **$** | December 31, 2015 $ |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash | 3,183 | 165,811 |
| Accounts receivable | 2,309 | 39,438 |
| Taxes receivable | 67,160 | 66,102 |
| Prepaid expenses | 78,460 | 50,769 |
| Advanced royalties (note 8) | 826,957 | 826,957 |
| Total current assets | 978,069 | 1,149,077 |
| Non current | | |
| Intangibles (note 9) | 109,938 | 111,504 |
| | 1,088,007 | 1,260,581 |
| **LIABILITIES AND EQUITY** | | |
| Current | | |
| Trade and other payables | 788,023 | 876,331 |
| **Equity** | | |
| Share capital | 2,427,471 | 2,430,094 |
| Share Based Payment Reserve | 184,458 | 184,458 |
| Warrants | 31,756 | 29,133 |
| Deficit | (2,343,701) | (2,259,435) |
| | 299,984 | 384,250 |
| | 1,088,007 | 1,260,581 |

**Nature of operations** (note 1)
**Going concern** (note 2)
**Subsequent events** (note 14)

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 condensed and consolidated interim financial statements.*

## STOMPY BOT CORPORATION

### Condensed and Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

| | **Quarter ended March 31, 2016 $** | Quarter ended March 31, 2015 $ |
|---|---|---|
| | (unaudited) | (unaudited - restated) |
| **Revenue** | | |
| Revenue | - | - |
| **Operating expenses** | | |
| Sales and marketing | -- | 3,683 |
| Management salaries | 45,767 | 83,773 |
| General and administrative | 8,343 | 5,109 |
| Professional fees | 30,100 | 101,003 |
| Share based payment expense | -- | 528,069 |
| Royalty Expense | -- | 3,873 |
| Loss on foreign exchange | 56 | 244 |
| **Net loss and comprehensive loss** | (84,266) | (725,754) |
| **Loss per share - basic and diluted** | (0.001) | (0.022) |
| **Weighted average number of common shares outstanding - basic and diluted** | 59,403,332 | 33,718,792 |

Quarter ended March 31, 2015 has been restated to reflect the revenue that is now offset against the capitalized development costs.

*The accompanying notes are an integral part of these condensed and consolidated interim financial statements.*

# STOMPY BOT CORPORATION

## Condensed and Consolidated Interim 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, 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 | | | | |
| 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 2015** | **58,953,332** | **2,394,094** | **450,000** | **36,000** | **2,430,094** | **29,133** | **184,458** | **(2,259,435)** | **384,250** |
| Shares issued / shares to be issued for cash | 450,000 | 33,377 | (450,000) | (36,000) | (2,623) | 2,623 | - | - | - |
| Share based payments | - | - | - | - | - | - | - | - | - |
| Net loss for the quarter | - | - | - | - | - | - | - | (84,266) | (84,266) |
| **Balance, March 31 2016** | **59,403,332** | **2,427,471** | **-** | **-** | **2,427,471** | **31,756** | **184,458** | **(2,343,701)** | **299,984** |

*The accompanying notes are an integral part of these condensed and consolidated interim financial statements.*

**STOMPY BOT CORPORATION**

**Condensed and Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

| | **Quarter ended March 31, 2016 $** | Quarter ended March 31, 2015 $ |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | (84,266) | (706,391) |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Share-based payments | - | 528,069 |
| Changes in non-cash working capital | | |
| Accounts receivable | 37,129 | - |
| Taxes receivable | (1,058) | - |
| Prepaid expenses | (27,691) | - |
| Trade and other payables | (88,308) | - |
| Cash used in operating activities | (164,194) | (178,322) |
| **Investing activities** | | |
| Intangibles | 1,566 | - |
| Cash provided from investing activities | 1,566 | - |
| **Financing activities** | | |
| Issuance of capital stock | - | 119,037 |
| Receipt of deposits | - | 59,285 |
| Cash provided from financing activities | - | 178,322 |
| **Reduction in cash** | (162,628) | - |
| **Cash, beginning of year** | 165,811 | 21,569 |
| **Cash, end of year** | 3,183 | 21,569 |

*The accompanying notes are an integral part of these condensed and consolidated interim 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 quarter ended March 31, 2016 of $84,266. The Company's cumulative deficit was $2,343,701 as of March 31, 2016. 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 quarter 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

**Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting on the basis of International Financial Reporting Standards ("IFRS") and interpretations as approved by the International Accounting Standards Board ("IASB") and are presented in Canadian dollars.

The policies applied in these condensed and consolidated interim unaudited financial statements are consistent with the policies disclosed in Notes 3 of the audited annual financial statements for the year ended December 31, 2015

These financial statements were approved and authorized by the Board of Directors of the Company on July 4, 2016.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include share based payments, capitalization of intangible assets and reverse takeover.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current fiscal year.

## 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

## 5. REVERSE TAKEOVER (cont'd)

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.

### 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

Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2016 and 2015 (Expressed in Canadian dollars)

## 5. REVERSE TAKEOVER (cont'd)

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.

| **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.

## 6. CAPITAL MANAGEMENT (cont'd)

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.

## 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 March 31, 2016 and March 31, 2015, both the carrying and fair value amounts of the Company's cash, accounts receivable, 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 March 31, 2016 and March 31, 2015 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 $788,023 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. 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, 2015- $819,329)

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 March 31, 2016 is $7,628 (December 31, 2015 - $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 Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2016 and 2015 (Expressed in Canadian dollars)

### 9. INTANGIBLES

| | Heavy Gear Development $ | Sabotage License $ | Bit Raider License $ | Total $ |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at December 31, 2015** | **96.467** | **13.184** | **1.853** | **111.504** |
| Additions | - | - | - | - |
| Testing revenue | (1,566) | - | - | (1,566) |
| **As at March 31, 2016** | **94,901** | **13,184** | **1,853** | **109,938** |

### 10. 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.

### 11. SUBSEQUENT EVENTS

Subsequent to quarter 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.