STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)

CONDENSED AND CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT)
For The Three and Nine Months Ended September 30, 2016 and 2015

(expressed in Canadian dollars)

INDEX

STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
September 30, 2016

Management has prepared the information and representations in this interim report. The condensed 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 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 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 unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)
Condensed and Consolidated Interim Statements of Financial Position
September 30, 2016 and December 31, 2015
Expressed in Canadian dollars

As at,	**September 30, 2016 $**	December 31, 2015 $
ASSETS	**(unaudited)**	
Current		
Cash	**167,584**	165,811
Accounts receivable (note 10)	**60,000**	39,438
Taxes receivable	**12,697**	66,102
Prepaid expenses	**77,288**	50,769
Advanced royalties (note 8)	**826,957**	826,957
Total current assets	**1,144,526**	1,149,077
Non current		
Intangibles (note 9)	**238,950**	111,504
	1,383,476	1,260,581
LIABILITIES AND EQUITY		
Current		
Trade and other payables	**672,363**	876,331
Loan payable (note 10)	**300,000**	-
Convertible debentures (note 11)	**75,976**	-
Total current liabilities	**1,048,339**	876,331
Equity		
Share capital	**2,663,573**	2,430,094
Equity portion of convertible debenture	**4,944**	-
Share based payment reserve	**403,890**	184,458
Warrants	**44,868**	29,133
Deficit	**(2,782,138)**	(2,259,435)
	335,137	384,250
	1,383,476	1,260,581

Nature of operations (note 1)
Going Concern (note 2)
Subsequent Events (note 14)

On behalf of the Board of Directors on November 28, 2016:

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

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

STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)
Condensed and Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
Three and Nine Months Ended September 30, 2016 and 2015
Expressed in Canadian dollars

	Quarter ended September 30, 2016 $	Quarter ended September 30, 2015 $	**Nine months ended September 30, 2016 $**	Nine months ended September 30, 2015 $
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue				
Revenue (note 13)	-	-	-	-
Operating expenses				
Sales and marketing	87,527	64,867	89,527	71,205
Management contractors	22,700	9,731	86,129	129,625
General and administrative	7,245	12,320	40,864	20,970
Professional fees	44,127	128,397	87,156	394,175
Listing expense	--	--	--	126,057
Share based payment expense	219,432	--	219,432	537,860
Royalty expense (recovery)	--	(50,000)	--	(45,570)
Loss (gain) on foreign exchange	(531)	20,560	(405)	25,303
Net loss and comprehensive loss	(380,500)	(185,875)	(522,703)	(1,259,625)
Loss per share - basic and diluted	(0.006)	(0.003)	(0.009)	(0.030)
Weighted average number of common shares outstanding - basic and diluted	61,920,523	54,495,198	60,260,838	41,728,568

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

STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)
Condensed and Consolidated Interim Statements of Changes in Equity (Unaudited)
Nine Months Ended September 30, 2016 and 2015
Expressed in Canadian dollars

	Shares issued		Shares to be issued							
	Number of Shares	**Amount**	**Number of Shares**	**Amount**	**Total**	**Equity portion of Convertible Debentures**	**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 to be issued for services	4,689,772	500,000	-	-	500,000	-	-	-	-	500,000
Shares issued / shares to be issued for cash	1,116,511	119,037	(1,116,511)	(119,037)	-	-	-	-	-	-
Deposits converted to shares	826,470	116,983	-	-	116,983	-	-	-	-	116,983
Reverse takeover transaction	19,088,371	654,179	-	-	654,179	-	-	-	-	654,179
Shares issued / shares to be issued for cash	171,000	42,750	-	-	42,750	-	-	-	-	42,750
Share based payments	-	-	-	-	-	-	-	37,860	-	37,860
Net loss for the period	-	-	-	-	-	-	-	-	(1,259,625)	(1,259,625)
Balance, Sep 30 2015	**54,578,457**	**2,073,237**	**-**	**-**	**2,073,237**	**-**	**-**	**184,458**	**(1,860,471)**	**397,224**
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	-	-	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	-	-	(398,964)	(398,964)
Balance, Dec 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	-	-	-
Shares issued / shares to be issued for cash	250,000	10,968	-	-	10,968	-	9,032	-	-	20,000
Shares to be issued for debt repayment	4,502,682	225,134	-	-	225,134	-	-	-	-	225,134
Convertible Debentures	-	-	-	-	-	4,944	4,080	-	-	9,024
Share based payments	-	-	-	-	-	-	-	219,432	-	219,432
Net loss for the period	-	-	-	-	-	-	-	-	(522,703)	(522,703)
Balance, Sep 30 2016	**64,156,014**	**2,663,573**	**-**	**-**	**2,663,573**	**4,944**	**44,868**	**403,890**	**(2,782,138)**	**335,137**

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

STOMPY BOT CORPORATION
(formerly SCORP ENERGY LTD.)
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2016 and 2015
Expressed in Canadian dollars

	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $
	(unaudited)	(unaudited)
Operating activities		
Loss for the period	**(522,703)**	(1,259,625)
Adjustments to reconcile net loss to cash used in operating activities:		
Listing expense	**-**	126,057
Share-based payments	**219,432**	537,860
Changes in non-cash working capital		
Accounts receivable	**39,438**	15,774
Advanced royalties	**-**	(470,745)
Taxes receivable	**53,405**	(55,413)
Prepaid expenses	**(26,519)**	(135,277)
Trade and other payables	**(203,968)**	506,013
Cash used in operating activities	**(440,915)**	(735,356)
Investing activities		
Revenue offset (purchase) of intangibles, net	**(127,446)**	22,074
Cash (used in) provided by investing activities	**(127,446)**	22,074
Financing activities		
Issuance of capital stock	**245,134**	161,787
Issuance of convertible debentures	**85,000**	-
CMF funding loan payable	**240,000**	-
Receipt of deposits	**-**	10,000
Receipt of intercompany loan	**-**	520,050
Cash provided from financing activities	**570,134**	691,837
Increase (decrease) in cash	**1,773**	(21,445)
Cash, beginning of period	**165,811**	21,569
Cash, end of period	**167,584**	124

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

1. NATURE OF OPERATIONS

Stompy Bot Corporation (formerly SCorp Energy Ltd., the "Company") was incorporated under the 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 three months period ended September 30, 2016 of $380,500 (three months period ended June 30, 2015 - $185,875) and a net loss from the nine months period ended September 30 2016 of $522,703 (nine months period ended September 30, 2015 - $1,259,625). 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, $405,990 has been received to date for units issued. In addition, the Company announced a private placement of up to $200,000 of convertible unsecured debenture units ("the Offering"). During the second quarter, the Company completed the first tranche of the Offering issuing 85 Debentures and 680,000 Warrants raising gross proceeds of $85,000 with $60,000 received during the quarter and another $25,000 received in the third quarter. See also Note 11. Subsequent to quarter end, the

2. GOING CONCERN (cont'd)

Company completed the second tranche of the Offering issuing 115 Debentures and 920,000 Warrants raising gross proceeds of $115,000. See also Note 14.

The Company is also evaluating various government and media grants. During the second quarter, the Company was successful in securing $300,000 from the Canadian Media Fund, of which $240,000 was received during that quarter, and the final $60,000 being received once certain milestones are reached. See also Note 10.

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

The condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 of the audited annual financial statements for the year ended December 31, 2015.

The condensed and consolidated interim unaudited financial statements were authorized for issue by the Board of Directors on November 28, 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 the deferred income tax asset valuation allowances.

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 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.

Expressed in Canadian dollars

5. REVERSE TAKEOVER (cont'd)

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.

The following details the share capital of Stompy Bot prior to reverse		
	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		
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		
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	(500,400)
Total fair value of identifiable net assets acquired by Stompy bot	(500,400)
Reverse takeover listing expense	**153,779**

5. REVERSE TAKEOVER (cont'd)

The consideration and allocation reflects the best estimates and assumptions of the management of the Company after taking into account all available information.

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.

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 September 30, 2016 and September 30, 2015, both the carrying and fair value amounts of the Company's cash, receivables, advanced royalties, trade and other payables, deposits and note payable 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 September 30, 2016 and September 30, 2015 is the carrying value of cash and receivables.

7. FAIR VALUE AND FINANCIAL RISK FACTORS (cont'd)

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 $672,363 are due within one year.

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 as at September 30, 2016 is $819,329 (June 30, 2016- $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 September 30, 2016 is $7,628 (June 30, 2016 - $7,628). The license may be renewed for an additional 5 years, subject to a new royalty rate being agreed, and being no greater than 15%.

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	77,470	56,580	-	134,050
Testing revenue	(6,604)	-	-	(6,604)
As at September 30, 2016	**167,333**	**69,764**	**1,853**	**238,950**

10. LOAN PAYABLE

During the second quarter, the Company signed a partnership agreement with the Canada Media Fund (“CMF”) and has secured development funding for $300,000 for Sabotage development. This funding is secured and subject to certain conditions and may be repayable if final approval is not obtained. During the second quarter, the Company received $240,000 of the total funding available. The final $60,000 will be received once certain milestones are reached.

11. CONVERTIBLE DEBENTURES

During the second quarter, the Corporation completed the first tranche (“First Tranche”) of the Offering issuing 85 Debentures and 680,000 Warrants raising gross proceeds of $85,000 with $60,000 received during the second quarter and another $25,000 received during the third quarter just ended. Each debenture was issued at a price of $1,000, and consisted of 8,000 common share purchase warrants (the “Warrants”). Each warrant entitled the holder to acquire one common share in the capital of the Company at a price of $0.05 per common share for two years from the date of issuance. The Debentures will have an interest rate of 12% per year, calculated semi-annually from their date of issuance and will mature on the date that is one year from the date of issuance. At the option of the holder, principal under the Debenture is convertible (the “Conversion”) into common shares of the Corporation (the “Conversion Shares”) at a conversion price of $0.05 per Conversion Share. See note 14 for further details.

Proceeds raised from the Offering are being used to fund the development of the Corporation’s video games, and for general working capital purposes.

The Debenture, the Warrants, the Conversion Shares issuable upon any principal Conversion, and the Warrant Shares issuable upon exercise of the Warrants are subject to a statutory four month and one day hold period.

Expressed in Canadian dollars

12. 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 September 30, 2016.

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	25%	15%	10%	5%

[1]In addition to minimum royalties, there is a sales distribution cost for Heavy Gear on our own website or on the Steam Distribution platform, ranging between 5% and 30%.
[2]The Company has also received advance payments from Nvidia, to develop Heavy Gear for the Tegra Platform. 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 (US$116,000).

13. RESTATEMENT OF PRIOR YEAR QUARTER

The Company has restated the prior quarter financial statements to adjust intangible assets for the revenue earned on the prototype games that are currently in development. As the games are in development, all revenue earned on the prototype is being reflected as cost recovery on the development costs.

The company has reclassified $97,416 as a reduction of intangible assets that were previously presented as revenue.

14. SUBSEQUENT EVENTS

Subsequent to quarter end, the Company reached an agreement with arms-length and non-arm's length debt holders to settle an aggregate of $35,409.44 of debt through the issuance of 708,188 common shares of the Company at a price of $0.05 per common share (the "Debt Settlement").

Subsequent to quarter end, the Company completed the second tranche of the Offering issuing 115 Debentures and 920,000 Warrants raising gross proceeds of $115,000. Thus, completing the full private placement offering of $200,000, as described in note 2.

14. SUBSEQUENT EVENTS (cont'd)

Subsequent to quarter end, the Company announced it had been served with a notice of civil claim by Stockhouse Publishing Ltd. ("Stockhouse") that has been commenced in the Supreme Court of British Columbia in connection with an agreement between the Corporation and Stockhouse relating to the provisions of an investor relations program by Stockhouse for a period of 12 months from December 19, 2015 to December 8, 2016. Stockhouse is requesting damages in the amount of $84,750, based on alleged breach of contract. The Company has accrued the full amount of the damages and intends to defend its interests and protect its rights.