BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)

CONDENSED AND CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2018

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.

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Financial Position
As at March 31, 2018 and December 31, 2017
(Expressed in Canadian dollars)

	March 31, 2018	December 31, 2017
	$	$
	(unaudited)	
ASSETS		
Current		
Cash	**1,607,826**	2,567,244
GST receivable	**24,687**	24,121
Prepaid expenses	**36,971**	4,579
Total current assets	**1,669,484**	2,595,944
Non-current		
Equipment (Note 8)	**7,809**	-
Intangibles (Note 9)	**816,949**	816,949
Total non-current assets	**824,758**	816,949
Total assets	**2,494,242**	3,412,893
LIABILITIES AND EQUITY		
Current		
Trade payables (Note 15)	**780,574**	1,279,142
Accrued liabilities	**307,637**	307,637
Loan payable (Note 10)	**300,000**	300,000
Convertible debentures (Note 11)	**-**	99,426
Total current liabilities	**1,388,211**	1,986,205
Equity		
Share capital (Note 12)	**6,739,212**	6,456,403
Subscriptions receivable (Note 12)	**(31,658)**	-
Equity reserve (Notes 11, 12)	**-**	7,009
Warrant reserve (Note 12)	**1,882,300**	1,916,634
Share based payment reserve (Notes 12, 13)	**625,592**	430,597
Deficit	**(8,109,415)**	(7,383,955)
	1,106,031	1,426,688
	2,494,242	3,412,893

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 17)

On behalf of the Board of Directors on May 18, 2018:

("signed")
Jon Gill
Director

("signed")
David Garland
Director

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Comprehensive Loss
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	2018	2017
	$	$
Revenue		
Revenue	882	9,294
Operating expenses		
Consulting fees	23,265	-
Depreciation (Note 8)	1,952	
General and administrative	74,499	20,810
Management fees	392,365	121,346
Professional fees (recovery)	(1,558)	65,476
Royalty expense	-	7,628
Sales and marketing	26,778	29,589
Development expenses (Note 9)	-	23,601
Share based payment expense	204,460	-
	721,761	268,450
Other item		
Loss on foreign exchange	4,581	1,403
	4,581	1,403
Net loss and comprehensive loss	(725,460)	(260,559)
Loss per share - basic and diluted	(0.004)	(0.004)
Weighted average number of common shares outstanding - basic and diluted	175,013,703	67,961,986

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Changes in Equity
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Shares Issued							
	Number of Shares	**Amount**	**Subscriptions Receivable**	**Equity Reserve**	**Warrant Reserve**	**Share-based Payment Reserve**	**Deficit**	**Total**
		$	$	$	$	$	$	$
Balance, December 31, 2016	**67,284,208**	**2,772,517**	**2,772,517**	**14,494**	**117,680**	**403,890**	**(2,911,158)**	**397,423**
Shares issued for cash, net (Note 12)	333,333	2,605	2,605	-	17,395	-	-	20,000
Shares issued for debt repayment (Note 12)	500,000	25,000	25,000	(1,812)	-	-	-	23,188
Shares issued for conversion of debentures (Note 11)	-	-	-	4,110	1,468	-	-	5,578
Net loss for the period	-	-	-	-	-	-	(260,559)	(260,559)
Balance, March 31, 2017	**68,117,541**	**2,800,122**	**2,800,122**	**16,792**	**136,543**	**403,890**	**(3,171,717)**	**185,630**
Balance, December 31, 2017	**172,336,367**	**6,456,403**	**-**	**7,009**	**1,916,634**	**430,597**	**(7,383,955)**	**1,426,688**
Share issue costs	-	(2,500)	-	-	-	-	-	(2,500)
Exercise of options (Note 12)	250,000	36,119	-	-	-	(9,465)	-	26,654
Exercise of warrants (Note 12)	1,184,213	142,755	(31,658)	-	(34,334)	-	-	76,763
Shares issued for conversion of debentures (Note 11)	2,016,591	106,435	-	(7,009)	-	-	-	99,426
Share-based payments (Note 13)	-	-	-	-	-	204,460	-	204,460
Net loss for the period	-	-	-	-	-	-	(725,460)	(725,460)
Balance, March 31, 2018	**175,787,171**	**6,739,212**	**(31,658)**	**-**	**1,882,300**	**625,592**	**(8,109,415)**	**1,106,031**

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2018 and 2016
(Expressed in Canadian dollars)
(Unaudited)

	2018	2017
	$	$
Operating activities		
Loss for the period	**(725,460)**	(260,559)
Adjustment to reconcile net loss to cash used in operating activities:		
Share-based payments	**204,460**	-
Depreciation	**1,952**	-
Changes in non-cash working capital:		
GST receivable	**(566)**	(3,225)
Prepaid expenses	**(32,392)**	30,152
Advanced royalties	**-**	7,628
Trade payables and accrued liabilities	**(498,568)**	17,716
Cash used in operating activities	**(1,050,574)**	(208,288)
Investing activities		
Purchase of intangible assets	**-**	(68,444)
Purchase of equipment	**(9,761)**	-
Cash used in investing activities	**(9,761)**	(68,444)
Financing activities		
Share issue costs	**(2,500)**	45,000
Issuance of convertible debentures, net	**-**	25,000
Exercise of warrants	**76,763**	-
Exercise of options	**26,654**	-
Cash provided from financing activities	**100,917**	70,000
Decrease in cash	**(959,418)**	(206,732)
Cash, beginning of period	**2,567,244**	267,492
Cash, end of period	**1,607,826**	60,760

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

1. NATURE OF OPERATIONS

BlocPlay Entertainment Inc. (formerly Stompy Bot Corporation, the "Company") was incorporated under the *British Columbia Business Corporations Act* ("BCBCA") on October 30, 2014. The Company is a developer of platforms and video game publisher that publishes video games that the Company either develop internally or engage a video game developer to develop for them. The Company's registered office is located at 1 Germain Street, Suite 300, Brunswick Square Business Tower, Saint John, New Brunswick, E2L 4V1, Canada. The Company's shares trade on the Canadian Securities Exchange under the symbol "PLAY".

On February 1, 2018, the Company changed its name to "Blocplay Entertainment Inc.", in order to better reflect its existing business and future prospects.

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 period ended March 31, 2018 of $725,460. The Company's cumulative deficit was $8,109,415 as of March 31, 2018. As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. During the period ended March 31, 2018, the Company raised gross proceeds of $103,417 through the issuance of 1,434,213 common shares from the exercise of warrants and options; however there is no guarantee of the Company's ability to obtain future financing. These conditions cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt offerings and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position. These consolidated 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 condensed and consolidated unaudited interim financial statements have been prepared in accordance with IAS 34 – Interim Financial reporting on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed and consolidated unaudited interim financial statements were approved and authorized by the Board of Directors of the Company on May 18, 2018.

3. BASIS OF PREPARATION (continued)

3.2 Basis of consolidation

These condensed and consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, TokenPlay Inc ("TokenPlay"), which was acquired on December 22, 2017 (Note 14). All inter-company transactions and balances have been eliminated upon consolidation.

3.3 Basis of presentation

The condensed and consolidated interim 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.

3.4 Use of management estimates, judgments and measurement uncertainty

The preparation of these condensed and consolidated interim 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:

Going concern
Determining whether there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern requires management to exercise its judgment, in particular about its ability to obtain funds to continue operations (Note 2).

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 of 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 games and platforms which will generate revenue, the Company has established an adequate plan that identifies the technical resources to complete the project and expenses related to the development project can be reliably measured.

3. BASIS OF PREPARATION (continued)

3.5 New and revised standards

New standards and interpretations to be adopted in future periods
At the date of authorization of these condensed and consolidated interim 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. Management has determined that IFRS 9 is not expected to have any impact on the Company.

- 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. Management has determined that IFRS 15 is not expected to have any impact on the Company.

- 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 has determined that IFRS 16 is not expected to have any impact on the Company.

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 and platform 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 and platform. These sales are recognized when the product is delivered to the customer. Testing sales are deferred against their related capitalized development costs and recognized once the game reaches commercialization.

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.

4.5 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Financial assets (continued)

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.

Held-to-maturity investments - Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets - Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

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, 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of financial assets (continued)

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.

4.9 Foreign currency transactions

Functional and presentation currency
The functional currency of the Company and its subsidiary 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 as least annually and intangible assets with finite lives are reviewed for indicators of impairment at least annually.

5. 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's 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.

The Company is not subject to any restrictions in the management of its capital. There were no changes in the Company's approach to capital management during the period.

6. 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.

Cash is measured using Level One inputs.

As at March 31, 2018 and 2017, both the carrying and fair value amounts of the Company's cash, trade and other payables, and convertible debentures 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. 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 is minimal. The Company's maximum exposure to credit risk as at March 31, 2018 and 2017 is the carrying value of cash.

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 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.

6. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

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.

7. ADVANCED ROYALTIES

The Company 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 agreed 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. During the year ended December 31, 2017, the Company terminated the agreement with Mektek and recognized a write-off of the advanced royalty of $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. During the year ended December 31, 2017, the license was renewed for an additional 5 years and the remaining balance of royalty was expensed, resulting in total royalty expense of $11,092.

(Expressed in Canadian dollars)

8. EQUIPMENT

	Office equipment
	$
Cost	
As at December 31, 2017	**-**
Additions	9,761
As at March 31, 2018	**9,761**
Accumulated depreciation	
As at December 31, 2017	-
Charges	1,952
As at March 31, 2018	**1,952**
Net book value	
As at March 31, 2018	**7,809**

9. INTANGIBLE ASSETS

	Heavy Gear Development	Sabotage License	Bit Raider License	TokenPlay. com	Total
	$	**$**	**$**	**$**	**$**
Cost					
As at December 31, 2016	**284,910**	**166,582**	**1,853**	**-**	**453,345**
Additions (Note 14)	247,361	107,596	-	26,000	380,957
Testing revenue	(15,500)	-		-	(15,500)
Development expense	-	-	(1,853)	-	(1,853)
As at December 31, 2017	**516,771**	**274,178**	**-**	**26,000**	**816,949**
Additions	-	-	-	-	-
Testing revenue	-	-	-	-	-
Development expense	-	-	-	-	-
As at March 31, 2018	**516,771**	**274,178**	**-**	**26,000**	**816,949**

Development costs are capitalized based on the criteria in IAS 38 – Intangible Assets and any corresponding testing revenue is offset against these costs. Once commercialization of the game is reached, these costs and corresponding revenue will be systematically recognized in the statement of comprehensive loss over the expected life of the game, estimated at four years.

9. INTANGIBLE ASSETS (continued)

The Company secured employment funding through the Province of New Brunswick's Workforce Expansion Program and the One Pledge Fund facilitated through Opportunities New Brunswick. This program provides employment subsidization of $10/hour for 52 weeks per eligible employee. During the year ended December 31, 2017, the Company received $12,400 in wage subsidies, which has been offset against expenditures capitalized to intangible assets.

10. LOAN PAYABLE

During the year ended December 31, 2016, the Company signed a partnership agreement with the Canada Media Fund ("CMF") and has secured development funding for up to $300,000 for Sabotage development. This funding is subject to certain conditions and may be repayable if certain conditions are not met. The funding may, at the option of the Company, be converted into a recoupable investment where CMF could be entitled to a percentage of the project's revenues or profits. The terms of this investment would be negotiated by the Company and CMF under a separate agreement. During the year, the Company received $60,000 of the total funding available. The balance payable to CMF at March 31, 2018 was $300,000 (December 31, 2017- $300,000) and is non-interest bearing.

11. CONVERTIBLE DEBENTURES

During the year ended December 31, 2016, the Company issued 200 debentures and 1,600,000 warrants raising gross proceeds of $200,000. Each debenture was issued at a price of $1,000, and consisted of 8,000 common share purchase 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 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. A total of $19,671 ($14,494 equity and $5,177 attributable to warrants) has been recognized in equity assuming a 1 year maturity and a discount rate of 20%. At the option of the holder, principal and accrued interest under the debenture is convertible into common shares of the Company (the "Conversion Shares") at a conversion price of $0.05 per Conversion Share.

During the year ended December 31, 2017, the Company issued 50 debentures and 400,000 warrants raising gross proceeds of $50,000. Each debenture was issued at a price of $1,000, and consisted of 8,000 common share purchase warrants. Each warrant entitles 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 their date of issuance. The debentures 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. A total of $5,577 ($4,110 equity and $1,467 attributable to warrants) has been recognized in equity assuming a 1 year maturity and a discount rate of 20%. At the option of the holder, principal and accrued interest under the debenture is convertible into common shares of the Company at a conversion price of $0.05 per Conversion share.

Proceeds raised from the offerings were used to fund development of the Company's video games, and for general working capital purposes.

(Expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

The debentures, 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 months and one day hold period.

During the year ended December 31, 2017, $179,401 (principal plus interest) of the convertible debentures were converted into 3,588,012 common shares (Note 12).

On January 17, 2018, the outstanding balance of convertible debentures of $99,426 (principal plus interest) was converted into 2,016,591 common shares (Note 12).

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning	**99,426**	**180,329**
Proceeds from issuance of convertible debentures	-	50,000
Amount allocated to equity on issuance of convertible debentures debenture	-	(5,577)
Interest expense	-	54,075
Amount converted to common shares	(99,426)	(179,401)
Balance, ending	**-**	**99,426**

12. SHARE CAPITAL

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	**Amount**
		$
Balance December 31, 2016		
Common shares issued	67,284,208	2,772,517
Balance December 31, 2017		
Common shares issued	172,336,367	6,456,403
Balance March 31, 2018		
Common shares issued	175,787,171	6,739,212

As at December 31, 2015, the Company had 450,000 shares to be issued for cash, for gross proceeds of $36,000. During the year ended December 31, 2016, those shares were issued at $0.08 per share.

12. SHARE CAPITAL (continued)

a) Issued and outstanding: (continued)

During the year ended December 31, 2016, 250,000 shares were issued at $0.08 for gross proceeds of $20,000. For each share issued, an equivalent warrant is available for purchase at $0.12, expiring in 24 months of purchase. During the same period, 2,420,006 shares were issued at $0.06 for gross proceeds of $145,250. For each share issued a one-half warrant is available for purchase at $0.10, expiring in 18 months of purchase. During the same year, 5,210,870 shares were issued for debt conversion equivalent to $260,543.

During the year ended December 31, 2017, the Company issued a total of 333,333 units at a price of $0.06 per unit for gross proceeds of $20,000, including a half share purchase warrant to acquire one common share of $0.10 within eighteen months. The fair value attributed to the warrants was $7,241 using the relative fair value method.

On November 29, 2017, the Company closed its non-brokered private placement for gross proceeds of $2,000,000 through the issuance of 40,000,000 units of the Company at a price of $0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.10 for a period of twenty-four months following the date of issuance. The fair value attributed to the warrants was $931,454 using the relative fair value method. In connection with the closing of the private placement, the Company paid a cash commission equal to 7% of the gross proceeds in the amount of $140,000 and also issued an aggregate of 2,800,000 finder warrants with a fair value of $538,236, each finder warrant entitling the holder to acquire one common share at a price of $0.05 for a period of twenty-four months from the date of issuance. The Company incurred additional cash share issuance costs of $16,746 related to this private placement.

During the year ended December 31, 2017, the Company issued a total of 60,399,982 common shares and 18,861,836 share purchase warrants for the acquisition of TokenPlay. The warrants are exercisable at $0.10 per share for two years (Note 14).

During the year ended December 31, 2017, the Company issued a total of 480,832 common shares from exercise of warrants for gross proceeds of $40,083, and 250,000 common shares from exercise of options for gross proceeds of $10,500.

During the year ended December 31, 2017, the Company issued 3,588,012 common shares on conversion of convertible debentures with a fair value of $179,401. An amount of $11,595 was transferred from equity portion of convertible debentures to share capital.

During the period ended March 31, 2018, the Company issued 1,184,213 common shares for warrants exercised at exercise prices ranging between $0.05 and $0.12 for gross proceeds of $108,421. $31,658 of which is still receivable. The Company issued 250,000 common shares for options exercised at $0.11 for proceeds of $26,654.

(Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

b) Warrants:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2016	**8,132,376**	**0.10**
Warrants issued	62,228,502	0.10
Warrants cancelled	(5,047,374)	0.12
Warrants exercised	(480,832)	0.08
Balance, December 31, 2017	**64,832,672**	**0.10**
Warrants exercised	(240,000)	0.05
Warrants exercised	(100,000)	0.12
Warrants exercised	(844,213)	0.10
Warrants expired	(125,000)	0.12
Balance, March 31, 2018	**63,523,459**	**0.10**

Warrants to acquire common shares outstanding were as follows:

Issuance Date	Number of Warrants	Weighted Average Exercise Price	Expiry Dates
		$	
December 30, 2016	939,170	0.10	June 30, 2018
December 22 to December 30, 2016	1,200,000	0.05	June 28 to October 21, 2018
January 25, 2017	166,666	0.10	July 25, 2018
March 31, 2017	400,000	0.05	March 31, 2019
November 28, 2017	39,472,367	0.10	November 28, 2019
November 28, 2017	2,800,000	0.05	November 28, 2019
December 22, 2017	18,545,256	0.10	December 22, 2019
	63,523,459	**0.10**	

(Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

b) Warrants (continued):

The fair value of the warrants issued was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	December 31, 2017	**December 31, 2016**
Expected life	18 - 24 months	12 - 18 months
Expected volatility	100% to 257%	233% to 246%
Risk-free interest rate	0.75% to 1.64%	0.49%
Dividend	Nil	Nil
Underlying share price	$0.02 - $0.21	$0.02 - $0.05
Strike price	$0.05 - $0.10	$0.05

c) Reserves

The warrant reserve records items recognized as share based payments for warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The share based payment reserve records items recognized as share based payment expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The equity reserve records items recognized as the equity portion of convertible debentures until such time that the convertible debentures are exercised, at which time the corresponding amount will be transferred to share capital.

13. 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 Options	**Weighted Average Exercise Price**
		$
Balance, December 31, 2016	**6,306,272**	**0.07**
Options granted	1,000,000	0.20
Options exercised	(250,000)	0.05
Balance, December 31, 2017	**7,056,272**	**0.09**
Options granted	1,500,000	0.10
Options exercised	(250,000)	0.11
Balance, March 31, 2018	**8,306,272**	**0.09**

(Expressed in Canadian dollars)

13. STOCK OPTIONS (continued)

The following table provides additional information about outstanding stock options at March 31, 2018:

Issuance Date	Number of Outstanding Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price – Exercisable Options
August 14, 2014	2,376,272	2.37	$0.107	2,376,272	$0.107
September 2, 2016	3,430,000	8.43	$0.050	3,430,000	$0.050
November 17, 2017	1,000,000	1.63	$0.020	500,000	$0.020
February 9, 2018	1,100,000	4.85	$0.100	1,100,000	$0.100
February 23, 2018	400,000	4.89	$0.100	400,000	$0.100
	8,306,272	**5.15**	**$0.093**	**7,806,272**	**$0.091**

On September 2, 2016, the Company granted 3,680,000 stock options to officers, directors and consultants, exercisable at $0.05 for a period of 10 years.

On November 17, 2017, the Company granted 1,000,000 stock options to an investor relations consultant, exercisable at $0.20 for a period of 2 years. The options vest 25% on the date of grant and 25% every three months following grant date.

On February 2018, the Company granted 1,500,000 stock options to certain directors, officers and consultants of the Company, which are exercisable at $0.10 per share for a period of five years. These options vest immediately on the date of grant.

For the period ended March 31, 2018, the Company recognized share based payment expense of $204,460 (2016 - $nil).

The fair value of the options granted during the period ended March 31, 2018 and the year ended December 31, 2017 was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	March 31, 2018	December 31, 2017
Expected life	5 years	2 years
Expected volatility	160.53%	100%
Risk-free interest rate	1.99%	1.44%
Dividend yield	Nil	Nil
Underlying share price	$0.12	$0.18
Exercise price	$0.10	$0.20
Vesting	immediately at grant date	¼ each quarter

14. ACQUISITION

On December 22, 2017, the Company closed the acquisition of all the issued and outstanding securities of TokenPlay, a private Ontario corporation, for the issuance of: (i) 58,999,982 common shares of the Company with a fair value of $2,949,999; and (ii) 18,861,836 common share purchase warrants with a fair value of $341,634 (Note 12). Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.10 per share for two years from the date of issue. TokenPlay is now a wholly-owned subsidiary of the Company.

TokenPlay is a technology company involved in the development of blockchain technology in the video game space which will seek to provide a platform for the exchange of in-game currencies and tokens. TokenPlay does not currently have any revenues.

In connection with the acquisition, the Company paid a finder's fee to First Canadian Capital Corp., in the form of the issuance of 1,400,000 common shares of the Company with a fair value of $70,000 (Note 12).

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination, as the primary asset is an intangible asset for Tokenplay.com, which was not fully developed and was not operational at the time of acquisition. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from TokenPlay are included in the consolidated financial statements since the date of acquisition.

The acquisition of TokenPlay included certain intellectual property including the TokenPlay.com domain name, the TokenPlay trademark, and the TokenPlay White Paper, which is a technical architecture and summary of the TokenPlay business model. The domain name and trademark have been recognized as intangible assets totaling $26,000. The White Paper did not meet the criteria for capitalization under IAS 38 – Intangible Assets, therefore the excess fair value of consideration over identifiable net assets acquired of $3,078,589 was included in technology acquisition expense for the year ended December 31, 2017.

(Expressed in Canadian dollars)

14. ACQUISITION (continued)

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as the date of acquisition:

	$
Fair value of common shares issued (58,999,982 shares)	2,949,999
Fair value of finder's shares issued (1,400,000 shares)	70,000
Fair value of warrants issued (18,861,836 warrants)	341,634
Total purchase consideration	3,361,633
Cash	523,937
GST receivable	2,201
Intellectual property (Note 9)	26,000
Accounts payable	(269,094)
Net assets acquired	283,044
Excess of consideration over net assets acquired	3,078,589

The fair value of the warrants was determined using the Black-Scholes Option Pricing model using the following assumptions:

Average risk-free interest rate	1.64%
Expected share price volatility	100%
Expected life	2 years
Expected dividend yield	0%

15. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2018, the Company incurred management fees of $39,000 (2017 - $15,000) from a company controlled by a certain director.

During the three months ended March 31, 2018, the Company incurred management fees of $119,370 (2017 - $1,714) from directors of the Company.

The transactions are in the normal course of business and have been valued in these unaudited condensed consolidated interim financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian dollars)

15. RELATED PARTY TRANSACTIONS (continued)

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:

	March 31, 2018	March 31, 2017
	$	$
Short-term employee benefits	158,370	16,714
Total compensation to key management	158,370	16,714

Included in trade and other payables as at March 31, 2018 are amounts of $228,007 (December 31, 2017 - $252,375) due to directors and former directors of the Company and companies with common directors. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

16. COMMITMENTS AND CONTINGENCIES

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

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

[1] In addition to minimum royalties, there is a sales distribution royalty for Heavy Gear and Sabotage on the Company’s own website of 0% or on the Steam Distribution platform of 30%.
[2] The minimum royalties are 15% on gross revenue.
[3] The Company is currently in breach of its agreement due to non-payment of $150,458 (US$116,000), which is included in accounts payable.

In the ordinary course of operating the Company’s business, it may from time to time be subject to various claims or possible claims. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company’s financial position, results of operations, or cash flows. These matters are inherently uncertain and management’s view of these matters may change in the future.

17. SUBSEQUENT EVENTS

On April 10, 2018, the company granted 400,000 options to purchase common shares of the Company exercisable at a price of $0.10 per share and expiring on April 10, 2023, to a director and officer of the Company. The common shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.