PLAYGROUND VENTURES INC.
217 Queen Street West, Suite 401
Toronto, ON M5V 0R2

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the "**Meeting**") of shareholders of **Playground Ventures Inc.** (the "**Company**") will be held on **Thursday, July 22, 2021**, at the hour of 10:00 a.m. (Eastern time), at the office of Irwin Lowy LLP, 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2 for the following purposes:

1. to receive and consider the audited financial statements of the Company for the years ended December 31, 2018, December 31, 2019 and December 31, 2020, and the reports of the auditor thereon;

2. to elect the directors of the Company;

3. to appoint the auditors of the Company and to authorize the directors to fix their remuneration;

4. to consider and, if deemed advisable, to pass, with or without variation, a resolution of the disinterested shareholders of the Company ratifying the issuance of certain common share purchase warrants of the Company;

5. to receive and, if considered advisable, to pass, with or without variation, a resolution of the disinterested shareholders of the Company approving the adoption by the Company of a restricted share unit compensation plan and any grants to be made thereunder;

6. to receive and, if considered advisable, to pass, with or without amendment, a resolution of the disinterested shareholders approving the proposed related party transaction between the Company and Countervail Games Ltd. ("**Countervail**") pursuant to which the Company will acquire all of the issued and outstanding common shares of Countervail;

7. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Company's transfer agent and registrar, TSX Trust Company, at Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 not later than 10:00 a.m. (Eastern time) on Tuesday, July 20, 2021 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has by resolution fixed the close of business on Monday, June 7, 2021 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

COVID-19 GUIDANCE

In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein and in the accompanying management information circular dated June 22, 2021 of the Company.

The accompanying Management Information Circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual meeting. Additional information about the Company and its financial statements are also available on the Company's profile at www.sedar.com.

DATED at Toronto, Ontario this 22nd day of June, 2021.

BY ORDER OF THE BOARD

"*Jon Gill*" (signed)
Executive Chairman

PLAYGROUND VENTURES INC.
217 Queen Street West, Suite 401
Toronto, ON M5V 0R2

MANAGEMENT INFORMATION CIRCULAR
As at June 22, 2021

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PLAYGROUND VENTURES INC. (the "**Company**") of proxies to be used at the annual meeting of shareholders of the Company to be held on Thursday, July 22, 2021 at the office of Irwin Lowy LLP, 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2 at 10:00 a.m. (Eastern time), and at any adjournment or postponement thereof (the "**Meeting**") for the purposes set out in the acompanying notice of meeting (the "**Notice of Meeting**"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice of Meeing, this management information circular ("**Management Information Circular**"), the annual financial statements of the Company for the financial years ended December 31, 2018, December 31, 2019 and December 31, 2020 and related management's discussion and analysis and other meeting materials, if applicable (collectively the "**Meeting Materials**") to the beneficial owners of the common shares of the Company (the "**Common Shares**") held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting.

COVID-19 GUIDANCE

In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein.

APPOINTMENT AND REVOCATION OF PROXIES

A holder of Common Shares who appears on the records maintained by the Company's registrar and transfer agent as a registered holder of Common Shares (each a "**Registered Shareholder**") may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Management Information Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

The purpose of a form of proxy is to designate persons who will vote on the shareholder's behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company's transfer agent and registrar, TSX Trust Company (the "**Transfer Agent**"), not later than 10:00 a.m. (Eastern time) on Tuesday, July

20, 2021 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

By Mail:	TSX Trust Company Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1
Facsimile:	416-595-9593
By Internet:	www.voteproxyonline.com You will need to provide your 12 digit control number (located on the form of proxy accompanying this Circular).

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (British Columbia), by electronic signature, to (i) the heasd office of the Company, located at 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Management Information Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

ADVICE TO NON-REGISTERED SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name. Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a beneficial holder of Common Shares who does not appear on the records maintained by the Transfer Agent as a registered holder of Common Shares (each a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a "**Clearing Agency**") of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

Distribution of Meeting Materials to Non-Registered Holders

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company's OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

Voting by Non-Registered Holders

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

<u>*Voting Instruction Form*</u>. In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a "**VIF**"). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

Voting by Non-Registered Holders at the Meeting

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of Monday, June 7, 2021 (the "**Record Date**"), there were a total of 31,388,123 Common Shares issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares, other than as set forth below:

Name	**Number of Common Shares**	**Percentage of Issued and Outstanding Common Shares**
Emma Fairhurst	7,925,000[(1)]	25.24%

Note:
(1)2,900,000 Common Shares are held by 1185313 B.C. Ltd., a company beneficially owned and controlled by Ms. Fairhurst, 4,500,000 Common Shares are held by 1279059 B.C. Ltd., a company beneficially owned and controlled by Ms. Fairhurst, and 525,000 Common Shares are held by Aeternum Asset Advisors Inc., a company beneficially owned and controlled by Ms. Fairhurst.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

Other than as otherwise disclosed herein, no director or executive officer of the Company who was a director or executive officer at any time since the beginning of the last financial year of the Company, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of the Company (the "**Board**"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the years ended December 31, 2018, December 31, 2019 and 2020 and the reports of the auditors will be placed before the shareholders at the Meeting. No vote will be taken on the financial statements. The financial statements and additional information concerning the Company are available under the Company's profile on SEDAR at www.sedar.com.

2. ELECTION OF DIRECTORS

The Board currently consists of six directors to be elected annually. The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present[(1)]	Percentage of Voting Shares Owned or Controlled
Chris Irwin[(2)] President, Chief Executive Officer, and Director Ontario, Canada	Partner of Irwin Lowy LLP, a law firm	September 28, 2018	223,010	0.71%
Jon Gill[(2)] Executive Chairman and Director Ontario, Canada	Partner of Braxton Corporate Advisors Inc.	September 28, 2018	2,321,940	7.39%
Harrison Reynolds[(2)] Director British Columbia, Canada	Director of Playground Ventures Inc.	November 2, 2020	36,360	0.11%

Notes:

(1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

(2) Member of the Audit Committee.

(3) The principal occupations of the director nominees who were not previously elected by the shareholders of the Company, during the past five years are as follows:

- *Chris Irwin:* — *Mr. Irwin has been a Partner of Irwin Lowy LLP since 2010.*
- *Jon Gill* — *Mr Gill has been a Partner of Braxton Corporate Advisors Inc. since 2020, Chairman of Playground Ventures Inc formerly Blocplay Entertainment Inc since 2018, Chairman of iConect Technologies Inc since 2016 and Managing Partner of Braxton Management Partners Inc since 2011.*
- *Harrison Reynolds* — *Mr. Reynolds has been a Director of Playground Ventures Inc. since 2020*

The term of office of each director will be from the date of the annual meeting of the shareholders of the Company at which he is elected until the next annual meeting of the shareholders of the Company, or until his successor is elected or appointed.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an "**Order**") and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Irwin was a director, President and Secretary of Brighter Minds Media Inc. ("**Brighter Minds**") from March 2009 to July 2014. Brighter Minds is subject to cease trade orders resulting from a failure to file financial statements as issued on May 11, 2009 by the British Columbia Securities Commission, May 13, 2009 by the Manitoba Securities Commission, May 8, 2009 and May 20, 2009 by the Ontario Securities Commission and August 19, 2009 by the Alberta Securities Commission. As of the date of this Circular, the cease trade orders have not been revoked or rescinded.

Mr. Irwin was a director from June 2015 to December 2017 and an officer from September 2015 to April 2016 of the Company, which was subject to a management cease trade order resulting from a failure to file financial statements as issued on May 2, 2016 by the British Columbia Securities Commission and May 4, 2016 and May 16, 2016 by the Ontario Securities Commission. These cease trade orders were revoked on July 5, 2016 by the British Columbia Securities Commission and July 6, 2016 by the Ontario Securities Commission. The Company was subject to a management cease trade order resulting from a failure to file financial statements as issued on May 2, 2017 by the British Columbia Securities Commission and May 4, 2017 by the Ontario Securities Commission. These cease trade orders were revoked on July 5, 2017 by the British Columbia Securities Commission and July 6, 2017 by the Ontario Securities Commission.

Mr. Irwin was appointed as the President, Chief Executive President, Secretary and a director of the Company on September 28, 2018. The Company was subject to a management cease trade order resulting from a failure to file financial statements as issued on December 3, 2018 and amended on December 4, 2018 by the BCSC and December 4, 2018 by the OSC. These cease trade orders were revoked on February 6, 2019.

Mr. Irwin is a director and an officer of Intercontinental Gold and Metals Ltd. ("**Intercontinental**") which was subject to a management cease trade order resulting from a failure to file financial statements as issued by the British Columbia Securities Commission on July 30, 2015. The cease trade order was revoked on September 22, 2015.

Mr. Irwin is a director and an officer of Intercontinental which was subject to a management cease trade order resulting from a failure to file financial statements as issued on August 2, 2018 by the British Columbia Securities Commission. Intercontinental was subject to a cease trade order from a failure to file financial statements as issued on October 5, 2018 by the British Columbia Securities Commission. These cease trade orders were revoked on October 9, 2018.

Mr. Irwin was a director of Wolf's Den Capital Corp. ("**Wolf's Den**"), which was subject to a cease trade order issued by the British Columbia Securities Commission and Ontario Securities Commission on December 5, 2019 for failure to file its condensed interim financial statements and accompanying management's discussion and analysis for the period ended September 30, 2019, within the prescribed time period under applicable securities laws. These cease trade orders were revoked on January 6, 2020.

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

None of the proposed directors of the Company have, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties and Sanctions

None of the proposed directors of the Company have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

3. APPOINTMENT OF AUDITOR

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF JONES & O'CONNELL LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Jones & O'Connell, Chartered Professional Accountants, were first appointed as the auditors of the Company on March 28, 2019.

4. RATIFICATION OF THE ISSUANCE OF COMMON SHARE PURCHASE WARRANTS

At the Meeting, shareholders of the Company will be asked to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Warrant Resolution**") ratifying the issuance of 4,500,000 Common Share purchase warrants (each, a "**Warrant**") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share on or before December 16, 2025, at an exercise price of $0.15 per Common Share.

Related Party Transaction

The Company is a reporting issuer in British Columbia and Ontario, and is subject to applicable securities laws of such jurisdictions, including Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" which include issuances of securities to "related parties" of the Company (as each such term is defined in MI 61-101). The Warrants were issued to 1279059 B.C. Ltd. ("**BCCo**") a corporation controlled by Emma Fairhurst. At the time of entering into the Share Purchase Agreement, Ms. Fairhurst beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,900,000 Common Shares, representing approximately 16.10% of the issued and outstanding Common Shares at such time. As a result, Ms. Fairhurst is considered a "related person" of the Company and the issuance of the Warrants to Ms. Fairhurst constituted a "related party transaction", as such term is defined in MI 61-101 and the issuance of the Warrants to Ms. Fairhurst is subject to the Company's satisfaction of the requirements set out in MI 61-101.

Background to Transaction

The Warrants were issued pursuant to a share purchase agreement (the "**Share Purchase Agreement**") dated December 16, 2020, between the Company, 1279078 B.C. Ltd. ("**BCCo**") and the shareholders of BCCo (the "**Vendors**") whereby the Company acquired all of the issued and outstanding common shares of BCCo (the "**Acquisition**"). As consideration for the Acquisition, the Company issued to the Vendors an aggregate of 5,000,000 Common Shares and 5,000,000 Warrants. In accordance with applicable securities laws, all securities issued pursuant to the Acquisition were subject to a statutory hold period of four months and one day from the issuance thereof, which expired on April 17, 2021. Pursuant to the Acquisition, a corporation controlled and directed by Emma Fairhurst acquired an aggregate of 4,500,000 Common Shares and 4,500,000 Warrants. The Acquisition was a related party transaction and the Company relied on the exemption from the minority shareholder approval requirement of Section 5.7(1)(a) of MI 61-101, taking the position that the fair value of the securities did not exceed 25% of the fair market value of the market capitalization of the Company. Staff at the Ontario Securities Commission ("**OSC Staff**") advised the Company of their determination that the fair value of the securities distributed in connection with the Transaction exceeded 25% of the fair market value of the Company's market capitalization. At the request of the OSC Staff, Ms. Fairhurst provided an undertaking not to exercise any of the Warrants until the Company has obtained approval of the disinterested shareholders of the Company at the Meeting.

Purpose of the Acquisition

BCCo is a private company formed under the laws of British Columbia, that creates, develops and publishes software related to mobile games and applications. BCCo is currently developing Modern Miner, a mobile game application that will connect the value of exploration to gaming, which it expects to release in the coming year. Management believes that the opportunity to connect the global exploration industry and the search for economic mineral deposits to gaming with an audience that is interested in gaming, represents a large and attractive market. The development of this intellectual property will place the Company in a position to create a market space that management of the Company believes is currently unaddressed.

Price Range and Trading Volume of the Shares

The Common Shares are listed on the Canadian Securities Exchange (the "**CSE**") under the trading symbol "PLAY". The following table sets for the price range, calculated using intraday high and low prices, and trading volume of the Common Shares as reported by the CSE, being the market on which the Common Shares are principally traded, for the twelve-month period preceding the date hereof:

Trading Period	**High ($)**	**Low ($)**	**Volume**
June 2020	$0.125	$0.005	12,574,569
July 2020	$0.12	$0.05	1,102,358
August 2020	$0.19	$0.115	1,972,826
September 2020	$0.30	$0.08	1,008,148
October 2020	$0.17	$0.12	347,393
November 2020	$0.145	$0.10	949,162
December 2020	$0.18	$0.11	915,884
January 2021	$0.30	$0.14	501,520
February 2021	$0.38	$0.175	809,337
March 2021	$0.50	$0.27	770,369
April 2021	$0.50	$0.37	1,022,161
May 2021	$0.45	$0.32	541,960
June 1 to 18, 2021	$0.63	$0.33	1,997,717

On December 16, 2021, the last full trading day prior to the closing of the Acquisition, the closing price of the Common Shares on the CSE was $0.125.

Shareholders are urged to obtain current market quotations for the Common Shares.

Ownership of Securities of the Company

To the knowledge of the Company, after reasonable inquiry, the following table indicates, as at the date of this Circular, the number of securities of the Company beneficially owned or over which control or direction is exercised, by each director and officer of the Company and, after reasonable inquiry, by each insider of the Company and their respective associates and affiliates, and each associate or affiliate of the Company or person or company acting jointly or in concert with the Company in connection with the Acquisition (each, a "**Disclosable Person**"), as well as the percentage of outstanding Common Shares so owned:

Name	**Relationship with the Company**	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Percentage of Outstanding Common Shares**
Emma Fairhurst	Insider	7,925,000	25.24%
Chris Irwin	Officer and Director	223,010	0.71%
Jon Gill	Officer and Director	2,321,940	7.39%
Harrison Reynolds	Director	36,360	0.11%
Sophia Tomory	Officer	Nil	Nil

Commitments to acquire Securities of the Company

Except for securities issued, purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights or in connection with the Company's security-based compensation arrangements and as otherwise detailed in this Management Information Circular, the Company has no agreements, commitments or understandings to acquire securities of the Company.

Except for securities that may be acquired pursuant to the exercise of the employee stock options or in connection with the Company's security-based compensation arrangements and as otherwise detailed in this Management Information Circular, to the knowledge of the Company, after reasonable enquiry, no Disclosable Person has any agreement, commitment or understanding to acquire securities of the Company.

Acceptance of Acquisition

The Company, BCCo, and the Vendors executed the Share Purchase Agreement on December 16, 2021. The entering into of the Share Purchase Agreement was the result of negotiations between management of the Company and Ms. Fairhurst, the principal of BCCo. The Board determined that the Share Purchase Agreement and the consummation of the Acquisition would be in the best interests of the Company. A written resolution of Board was executed by all the directors of the Company on December 16, 2020, and none of the directors expressed a materially contrary vote with respect to the resolution. The Company completed the Acquisition on December 17, 2020, and the Warrants were issued to Ms. Fairhurst on December 17, 2020. After discussions with OSC Staff, Ms. Fairhurst executed an undertaking not to exercise the Warrants on February 10, 2021.

Benefits from the Acquisition

To the knowledge of the Company, after reasonable enquiry, except as described or referred to in this Management Information Circular, no Disclosable Person will receive any direct or indirect benefit from the Acquisition or the Warrants.

Material Changes in the Affairs of the Company

Except as described or referred to in this Management Information Circular: (a) the Company does not have any plans or proposals for material changes in the affairs of the Company, other than as have been publicly disclosed; (b) there have not been any material changes that have occurred, other than as have been publicly disclosed; and (c) the Company is not aware of any material fact concerning the Common Shares or any other matter not previously publicly disclosed and known to the Company that would reasonably be expected to affect the decision of Shareholders to accept or reject the ratification of the issuance of the Warrants.

Other Benefits

Other than the transaction under the heading "*Particulars of Matters to be Acted Upon – Approval of Countervail Games Transaction*", as at the date of this Management Information Circular, no material changes or subsequent transactions are contemplated. Pursuant to the proposed acquisition (the "**Countervail Acquisition**") of Countervail Games Ltd. ("**Countervail**"), the Company will issue the shareholders of Countervail an aggregate of 18,000,000 Common Shares. Pursuant to the Countervail Acquisition, Ms. Fairhurst will receive 12,000,000 Common Shares.

Arrangements between the Company and Security Holders

Other than as set out in this Management Information Circular, there are no agreements, commitments or understandings, made or proposed to be made, between the Company and any security holder of the Company related to the Acquisition or the Warrants. Each Warrant will entitle Ms. Fairhurst to acquire one Common Share at an exercise price of $0.15 per Common Share on or before December 16, 2025.

Previous Purchases and Sales

No securities of the Company were purchased by the Company during the 12-month period preceding the date of the Acquisition. The table below sets out the securities sold by the Company during the 12-month period preceding the date of the Acquisition:

Date	**Number of Common Shares**	**Price**	**Details**
November 2, 2020	3,000,000	$0.10	Private Placement
November 2, 2020	1,155,140	$0.10	Debt Settlement
November 20, 2020	2,000,000	$0.10	Private Placement
December 9, 2020	2,700,000	$0.10	Private Placement
December 16, 2020	5,000,000	$0.15	Acquisition of BCCo

Financial Statements

The audited annual financial statements of the Company for the fiscal year ended December 31, 2020 and the unaudited interim condensed consolidated financial statements of the Company as at the three-month period ended March 31, 2021 may be found on the Company's SEDAR profile at www.sedar.com. Shareholders may obtain copies of the most recent financial statements free of charge upon request to Felix Lafontant, by email at flafontant@braxtonadvisors.ca.

Valuation

The Company is relying on an exemption from the formal valuation requirements of MI 61-101 available on the basis of the securities of the Company not being listed on any of the specified markets prescribed by MI 61-101.

Prior Valuations and Bona Fide Offers

To the knowledge of the directors and officers of the Company, after reasonable inquiry, no prior valuations have been made in respect of the Company relating to the subject matter of the Acquisition, or anything otherwise contemplated by the Acquisition that would require disclosure in accordance with MI 61-101.

Previous Distribution

The following table details the Common Shares distributed by the Company in the last five years:

Year	Number of Common Shares	Average Price Per Common Share	Aggregate Value
2016	416,544	$0.908	$378,423
2017	5,252,608	$0.701	$3,683,886
2018	532,139	$1.526	$811,976
2019	Nil	Nil	Nil
2020	14,682,412	$0.110	$1,611,908

Dividend Policy

Since its incorporation, the Company has not paid any dividends on its outstanding Common Shares. Any decision to pay dividends on the Common Shares of the Company will be made by the Board on the basis of its earnings, financial requirements and other conditions.

Expenses of the Acquisition

Each of the parties to the Share Purchase Agreement were responsible for the costs incurred by them in connection with the Acquisition. The Company expects to incur expenses of approximately $25,000 in connection with the Acquisition, which includes filing fees, legal, accounting, and printing and mailing fees.

Solicitations

For a description of any person who may be retained by or on behalf of the Company to makes solicitation of proxies in connection with the Meeting please refer to the heading "Solicitation of Proxies" above.

Minority Shareholder Approval Requirement

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" of every class of "affected securities" the applicable issuer, as each such term is defined in MI 61-101. The Common Shares are "affected securities" in connection with the performance by the Company of its obligation under the Share Purchase Agreement and the ratification of the issuance of the Warrants to Ms. Fairhurst. As a result, as no exemption from the "minority approval" requirements under MI 61-101 is available to the Company, the ratification of the issuance of the Warrants pursuant to the Share Purchase Agreement will require that the Company receive the approval (the "**Minority Shareholder Approval**"), by simple majority, of the votes attaching to Common Shares cast in respect of the approval of the Warrant Resolution by holders of Common Shares present at the Meeting in person or by proxy, but excluding the Common Shares beneficially owned or controlled, directly or indirectly, by Ms. Fairhurst (the shareholders entitled to vote in respect of the Warrant Resolution being referred to herein as the "**Disinterested Shareholders**"), as required under Part 8 of MI 61-101.

Pursuant to MI 61-101, to the knowledge of the Company after reasonable inquiry, it is the Company's understanding that the votes attaching to the of following Common Shares are required to be excluded when determining whether the Minority Shareholder Approval was obtained:

Name	Number of Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Common Shares
Emma Fairhurst	7,925,000	25.24%

Disinterested Shareholders will therefore be asked at the Meeting to pass the following resolution, with or without variation, relating to the approval as described above:

"**BE IT RESOLVED THAT:**

1. the issuance of the Warrants to Emma Fairhurst pursuant to the Share Purchase Agreement be and in hereby ratified, authorized and confirmed; and

2. any director or officer of the Company be, and each of them is hereby authorized and empowered, acting for, in the name of and on behalf of the Company, to execute all such documents, agreements and instruments as are necessary or advisable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or advisable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such acts or things, including compliance with all Canadian securities laws and regulations."

The Board believes that the Acquisition was critical to the development of the Company's business and therefore the ratification of the issuance the Warrants is in the best interest of the Company. **The Board therefore recommends that all shareholders vote FOR the Warrant Resolution. The persons whose name appears in the attached form of proxy intend to vote FOR the Warrant Resolution.**

5. APPROVAL OF RSU PLAN

The Company proposes to adopt an additional share-based compensation plan which would permit the grant of restricted share units of the Company ("**RSUs**") to certain eligible participants (the "**RSU Plan**"). The Board approved the RSU Plan on January 13, 2021. The Company has not granted any RSUs under the RSU Plan.

The RSU Plan is intended to bring the Company's compensation policies in line with trends in industry compensation practice, which includes a move towards RSUs, and to preserve the working capital of the Company by paying Directors, Employees, Consultants and other persons or companies engaged to provide ongoing services to the Company and its Affiliates, other than persons involved in Investor Relations Activities relating to the Company (as such terms are defined in the RSU Plan) (collectively the "**Eligible Persons**") compensation in the form of share based awards as opposed to cash. Eligible Persons who are granted RSUs under the RSU Plan are collectively referred to herein as "**Participants**" or "**Grantees**".

RSUs are performance-based share units which will be granted to Eligible Persons under the RSU Plan based on both individual and corporate performance criteria as determined by the Board or the Committee (as such term is defined in the RSU Plan). RSUs provide the Company with a more transparent and objective tool for rewarding performance or compensating Participants, while providing the Participant with a better-defined incentive award.

The following is a summary of the additional important provisions of the RSU Plan. It is not a comprehensive discussion of all of the terms and conditions of the RSU Plan. Readers are advised to review the full text of the RSU Plan appended hereto as appendix B to fully understand all terms and conditions of the RSU Plan.

Purpose*:* The RSU Plan is being introduced to bring the Company's compensation policies in line with trends in industry compensation practice. The proposed RSU Plan includes provision for granting RSUs. Under the RSU Plan, cash settlements may be made in respect of vested RSUs.

The RSU Plan will advance the interests of the Company by encouraging Participants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such persons in the Company, (ii) aligning the interests of such persons with the interests of the shareholders of the Company generally, (iii) encouraging such persons to remain associated with the Company, and (iv) furnishing such persons with additional incentive in their efforts on behalf of the Company. The Board also contemplates that through the RSU Plan, the Company will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Company.

Administration*:* Under the RSU Plan, the Board may, at any time, appoint a committee to, among other things, interpret, administer and implement the RSU Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with the RSU Plan.

Eligible Persons: Under the RSU Plan, RSUs (the "**Awards**") may be granted to any Eligible Person. A Participant or Grantee is an Eligible Person to whom an Award has been granted under the RSU Plan.

Number of Securities Issued or Issuable*:* Subject to the adjustment provisions provided for in the RSU Plan and applicable rules and regulations of all regulatory authorities to which the Company is subject (including any stock exchange), the total number of Common Shares reserved for issue pursuant to the RSU Plan and the Stock Option Plan may not exceed 10% of the number of issued and outstanding Common Shares from time to time.

If any Award is cancelled in accordance with the terms of the RSU Plan or the agreements evidencing the grant, the Common Shares reserved for issue pursuant to such Award will, upon cancellation of such Awards, revert to the RSU Plan and will be available for other Awards.

Performance Conditions*:*

Each RSU grant will be based on the Asset Value Increase (as such term is defined in the RSU Plan) of each particular Asset (as such term is defined in the RSU Plan) held by the Company as follows (the "**Performance Criteria**"):

(a) for an annual Asset Value Increase of 8.0% or less, no Award may be granted;

(b) for an annual Asset Value Increase of greater than 8.0% but less than 50%, an Award may be granted of up to 20% of the Asset Value Increase applicable to that Asset;

(c) for an annual Asset Value Increase of greater than or equal to 50% but less than 100%, an Award may be granted of up to 25% of the Asset Value Increase applicable to that Asset; and

(d) for an annual Asset Value Increase of greater than or equal to 100%, an Award may be granted of up to 30% of the Asset Value Increase applicable to that Asset.

Restricted Share Units*:* Restricted Share Units granted pursuant to the RSU Plan will be used to compensate Participants for their individual performance-based achievements and are intended to supplement stock option awards in this specific respect. The goal of such grants is to more closely tie Awards to individual performance based on established Performance Criteria.

Vesting of Restricted Share Units: At a minimum, all Award granted will vest over a twenty-four (24) month period, as to 25% every six months, however the Board may determine or set longer vesting provisions in each instance. Notwithstanding such determination, in the event of a change of control while the Grantee is employed by the Company or a wholly owned subsidiary of the Company, the termination of the Grantee by the Company without cause (each an "**Accelerated Vesting Event**"), the non-vested RSUs will: (i) in the case of a change of control or termination without cause, immediately become 100% vested.

Settlement of Vested Restricted Share Units: Payment to the Grantee in respect of vested RSUs shall be forthwith settled by the Company by a payment to the Grantee in cash or in Common Shares at the election of the Company. Following receipt of payment, the RSUs so settled shall be of no value whatsoever and shall be struck from the Grantee's notional account. The Company may choose to settle the RSUs by electing to use both the Cash Settlement Procedure (as such term is defined in the RSU Plan) and the Share Settlement Procedure (as such term is defined in the RSU Plan). Notwithstanding the above, a Grantee may elect to defer payment in settlement of a vested RSU until such later date as the Grantee may advise the Company, and in such event the RSUs will not be settled by the Company until notified by the Grantee.

Settlement: Settlement of RSUs shall be made by delivery of one Common Share for each such RSU or the cash payment equivalent to one Common Share.

Assignability*:* Awards granted under the RSU Plan are non-transferable and non-assignable to anyone other than to the estate of a Participant in the event of death and then only in accordance with the terms of the RSU Plan.

Procedure for Amending of the RSU Plan*:* Subject to the terms of the RSU Plan and any applicable requirements of the Canadian Securities Exchange, the Board has the right at any time to amend, suspend or terminate the the RSU Plan, but not to amend any Award previously granted under the RSU Plan without the consent and approval of the holder. Notwithstanding the foregoing, the powers of the Board shall be limited as follows:

(a) any amendment to the RSU Plan or any Award may require prior acceptance of the CSE, unless such amendment imposes additional Performance Conditions;

(b) if the amendment is in respect of an Award or RSU held by an Insider (as such term is defined in the RSU Plan), but excluding the amendment in (a) above, Disinterested Shareholder Approval may be required prior to implementing the amendment; and

(c) any amendment, suspension or termination is in accordance with applicable laws and the rules of any other stock exchange on which the Common Shares are listed.

At the Meeting, Disinterested Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the "**RSU Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, authorizing and approving the RSU Plan. In order to pass, the RSU Plan Resolution must be approved by a majority of the votes cast at the Meeting by Disinterested Shareholders.

If the RSU Plan Resolution is not approved, the RSU Plan will not be implemented.

The Board recommends that Shareholders vote for the RSU Plan Resolution.

The text of the RSU Plan Resolution to be submitted to shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

"BE IT RESOLVED THAT:

1. the adoption of the restricted share units and deferred share units compensation plan by the Company as described in the management information circular dated June 22, 2021 and attached thereto as appendix B (the "**RSU Plan**"), is hereby authorized, approved and confirmed;

2. the RSU Plan may be amended by the directors of the Company in order to satisfy the requests of any regulatory authorities (the "**Regulatory Requests**") without further approval of the shareholders of the Company, unless approval of the shareholders of the Company is required by the Regulatory Requests; and

3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolutions."

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE RSU PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

6. APPROVAL OF COUNTERVAIL GAMES TRANSACTION

At the Meeting, disinterested shareholders are being asked to consider and, if deemed advisable to pass, with or without variation, a resolution (the "**Countervail Resolution**") approving the proposed acquisition (the "**Countervail Acquisition**") of Countervail Games Ltd. ("**Countervail**") as more particularly described herein.

Related Party Transaction

The Company is a reporting issuer in British Columbia and Ontario, and is subject to applicable securities laws of such jurisdictions, including Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" which include issuances of securities to "related parties" of the Company (as each such term is defined in MI 61-101). In connection with the Countervail Acquisition, a company beneficially owned and controlled by Emma Fairhurst, will be issued 12,000,000 Common Shares. As of the date hereof, Ms. Fairhurst beneficially owns and controls, directly or indirectly, 7,925,000 Common Shares, 7,525,000 common share purchase warrants and 750,000 stock options, representing approximately 25.24% of the issued and outstanding common shares on a non-diluted and 40.84% on a partially diluted basis. As a result, Ms. Fairhurst is considered a "related person" of the Company and the Countervail Acquisition constitutes a "related party transaction", as such term is defined in MI 61-101 and the closing of the Countervail Acquisition is subject to the Company's satisfaction of the requirements set out in MI 61-101.

The Proposed Transaction

On June 9, 2021, the Company and Countervail entered into a non-binding letter of intent (the "**LOI**"), pursuant to which it is proposed that, upon entering into a definitive agreement, the Company will acquire all of the issued and outstanding common shares of Countervail. In consideration for the Countervail Acquisition, and upon signing of a definitive agreement, the Company will issue the shareholders of Countervail an aggregate of 18,000,000 Common Shares.

Purpose of the Countervail Acquisition

Countervail is a mobile game developer with a focus on generating an innovative user experience through a never seen before patent pending technology that integrates live video content with digital game play. In partnership with a high-profile game developer in the action sports genre, Countervail has the exclusive rights to a mobile game project licensed with the largest online skateboarding community in the world. The mobile game is fully developed and scheduled for worldwide launch in tandem with the introduction of Skateboarding at the Tokyo 2021 Olympics in July 2021.

Price Range and Trading Volume of the Common Shares

Please refer to the heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Price Range and Trading Volume of the Common Shares*".

Ownership of Securities of the Company

Please refer to the heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Ownership of Securities of the Company*".

Commitments to Acquire Securities of the Company

Except for securities issued, purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights or in connection with the Company's security-based compensation arrangements and as otherwise detailed in this Management Information Circular, the Company has no agreements, commitments or understandings to acquire securities of the Company.

Except for securities that may be acquired pursuant to the exercise of the employee stock options or in connection with the Company's security-based compensation arrangements and as otherwise detailed in this Management Information Circular, to the knowledge of the Company, after reasonable enquiry, no Disclosable Person has any agreement, commitment or understanding to acquire securities of the Company.

Acceptance of Countervail Acquisition

The Company and Countervail entered into a LOI on June 9, 2021. The entering into of the LOI was the result of negotiations between management of the Company and Arielle Morgan, the sole officer and director of Countervail. The Board determined that the LOI and the Countervail Acquisition would be in the best interests of the Company. A written resolution of the Board was executed by all the directors of the Company on June 9, 2021, and none of the directors expressed a materially contrary vote with respect to the resolution.

Benefits from the Countervail Acquisition

To the knowledge of the Company, after reasonable enquiry, except as described or referred to in this Management Information Circular, no Disclosable Person will receive any direct or indirect benefit from the Countervail Acquisition.

Material Changes in the Affairs of the Company

Please refer to the heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Material Changes in the Affairs of the Company*".

Other Benefits

To the knowledge of the Company, after reasonable enquiry, except as described or referred to in this Management Information Circular, no Disclosable Person will receive any direct or indirect benefit from the Countervail Acquisition.

Arrangement between the Company and Security Holders

Pursuant to the LOI, the Common Shares to be received in connection with the Countervail Acquisition will be subject to the following escrow provisions: as to 1/7 immediately upon closing of the Countervail Acquisition (the "**Closing Date**") with 1/7 of the additional Common Shares being released from escrow every six months following the Closing Date.

Previous Purchases and Sales

Please refer to heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Previous Purchases and Sales*".

Financial Statements

Please refer to heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Financial Statements*".

Valuation

The Company is relying on an exemption from the formal valuation requirements of MI 61-101 available on the basis of the securities of the Company not being listed on any of the specified markets prescribed by MI 61-101.

Prior Valuations and Bona Fide Offers

To the knowledge of the directors and officers of the Company, after reasonable inquiry, no prior valuations have been made in respect of the Company relating to the subject matter of the Countervail Acquisition, or anything otherwise contemplated by the Countervail Acquisition that would require disclosure in accordance with MI 61-101.

Previous Distribution

Please refer to heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Previous Distribution*".

Dividend Policy

Please refer to heading "*Particulars of Matters to be Acted Upon – Ratify the Issuance of Common Share Purchase Warrants – Previous Distribution*".

Expenses of the Countervail Acquisition

Each of the parties to the LOI will be responsible for the costs incurred by them in connection with the Countervail Acquisition. The Company expects to incur expenses of approximately $25,000 in connection with the Countervail Acquisition, which includes filing fees, legal, accounting, and printing and mailing fees.

Solicitations

For a description of any person who may be retained by or on behalf of the Company to makes solicitation of proxies in connection with the Meeting please refer to the heading "Solicitation of Proxies" above.

Minority Shareholder Approval Requirement

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" of every class of "affected securities" the applicable issuer, as each such term is defined in MI 61-101. The Common Shares are "affected securities" in connection with the performance by the Company of its obligation under the LOI and the issuance of the Common Shares to Ms. Fairhurst. As a result, as no exemption from the "minority approval" requirements under MI 61-101 is available to the Company, the Proposed Transaction contemplated by the LOI will require that the Company to receive the approval (the "**Minority Shareholder Approval**"), by simple majority, of the votes attaching to Common Shares cast in respect of the approval of the Countervail Resolution by holders of Common Shares present at the Meeting in person or by proxy, but excluding the Common Shares beneficially owned or controlled, directly or indirectly, by Ms. Fairhurst (the shareholders entitled to vote in respect of the Countervail Resolution being referred to herein as the "**Disinterested Shareholders**"), as required under Part 8 of MI 61-101.

Pursuant to MI 61-101, to the knowledge of the Company after reasonable inquiry, it is the Company's understanding that the votes attaching to the of following Common Shares are required to be excluded when determining whether the Minority Shareholder Approval was obtained:

Name	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Percentage of Outstanding Common Shares**
Emma Fairhurst	7,925,000	25.24%

Disinterested Shareholders will therefore be asked at the Meeting to pass the following resolution, with or without variation, relating to the approval as described above:

"**BE IT RESOLVED THAT:**

1. the Countervail Acquisition (as such terms are defined in the management information circular of the Company dated June 9, 2021 (the "**Circular**")), is hereby approved and authorized;

2. notwithstanding that this resolution has been passed (and the Countervail Acquisition has been adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further notice to or approval of the Company's shareholders, subject to the terms and conditions of the LOI, to: (i) enter into a definitive agreement with respect to the Countervail Acquisition; and (ii) not proceed with the Countervail Acquisition; and

3. any director or officer of the Company be, and each of them is hereby authorized and empowered, acting for, in the name of and on behalf of the Company, to execute all such documents, agreements and instruments as are necessary or advisable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or advisable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such acts or things, including compliance with all Canadian securities laws and regulations."

The Board believes that the Countervail Acquisition is critical to the development of the Company's business and therefore the approved of the Countervail Acquisition is in the best interest of the Company. **The Board therefore recommends that all shareholders vote FOR the Countervail Resolution. The persons whose name appears in the attached form of proxy intend to vote FOR the Countervail Resolution.**

STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at December 31, 2020 whose total compensation was more than $150,000 for the financial year of the Company ended December 31, 2020 (collectively the "**Named Executive Officers**") and for the directors of the Company.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company. The following table does not disclose any information regarding Mr. Andrew Michrowski, a director of the Company, as he was appointed to his position with the Company after the financial year of the Company ended December 31, 2020.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES[(1)]							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Chris Irwin[(2)] President, Chief Executive and Director	2020 2019 2018	50,000 60,000 nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	50,000 60,000 nil
Jon Gill Executive Chairman and Director	2020 2019 2018	50,000 60,000 nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil 60,000 nil
Harrison Reynolds[(] Director	2020 2019 2018	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil
Sophia Tomory Chief Financial Officer	2020 2019 2018	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES[1]							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Jordan Manzer[3] Former Director	2020 2019 2018	50,000 60,000 nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	50,000 60,000 nil
Arvin Ramos[4] Former Chief Financial Officer	2020 2019 2018	50,000 60,000 nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil 60,000 nil

Notes:

(1) This table does not include any amount paid as reimbursement for expenses.

(2) During the financial year ended December 31, 2020, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, was paid fees of $95,856 for legal services. During the financial year ended December 31, 2019, Irwin Lowy LLP was paid fees of $nil for legal services. During the financial year ended December 31, 2018, Irwin Lowy LLP was paid fees of $nil for legal services.

(3) Mr. Jordan Manzer resigned as a director on November 2, 2020 and Mr. Harrison Reynolds was appointed in his stead.

(4) Mr. Arvin Ramos resigned as the Chief Financial Officer of the Company on December 21, 2020 and Ms. Tomory was appointed in his stead.

Stock Options and Other Compensation Securities

The Company did not grant or issue any compensation securities during the most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

As at December 31, 2020, the Named Executive Officers and directors of the Company held compensation securities as set out in the table below.

COMPENSATION SECURITIES HELD BY DIRECTORS AND NAMED EXECUTIVES OFFICERS			
Name and position	**Type of compensation security**	**Number of compensation securities**	**Number of underlying securities exercised or exchanged**
Chris Irwin President, Chief Executive Officer, and Director	stock options	Nil	nil Common Shares
Jon Gill Executive Chairman and Director	stock options	150,000	nil Common Shares
Sophia Tomory Chief Financial Officer	stock options	Nil	nil Common Shares
Harrison Reynolds Director	stock options	Nil	nil Common Shares
Arvin Ramos[1] Former Chief Financial Officer	stock options	Nil	nil Common Shares
Jordan Manzer[2] Former Director	stock options	Nil	nil Common Shares

Notes:

(1) Mr. Ramos resigned as the Chief Financial Officer on December 21, 2020.
(2) Mr. Manzer resigned as a director on November 2, 2020.

None of the Named Executive Officers or the directors of the Company exercised any compensation securities during the most recently completed financial year of the Company.

Stock Option Plan and other Incentive Plans

The Company has in place a stock option plan (the "**Stock Option Plan**").

The number of Common Shares which may be reserved for issue under the Stock Option Plan is limited to 10% of the issued and outstanding number of Common Shares as at the date of the grant of stock options. As at the date hereof, 3,377,201 stock options may be reserved for issue pursuant to the Stock Option Plan, 2,525,000 stock options have been issued and 852,201 stock options are still available for issue.

The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees, management company employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's Common Shares issued and outstanding at the time such options are granted.

The Stock Option Plan will be administered by the Board, which will have full and final authority with respect to the granting of all options thereunder. The Board may terminate the Stock Option Plan at any time in its absolute discretion (without shareholder approval). If the Stock Option Plan is terminated, no further options will be granted but the options then outstanding will continue in full force and effect in accordance with the provisions of this Stock Option Plan, until the time they are exercised, cancelled or surrendered or expire under the terms of the Stock Option Plan and the applicable option agreements.

The Board may determine, at the time of granting an option to an Eligible Person (as defined in the Stock Option Plan) pursuant to the Stock Option Plan, the maximum number of Common Shares that may be exercised by such Eligible Person in each year during the term of the option.

Options may be granted under the Stock Option Plan to such directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board may from time to time designate.

The exercise price of option grants will be determined by the Board on the grant date but will not be less than the minimum exercise price permitted by the Canadian Securities Exchange, such minimum exercise price being the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

The Stock Option Plan provides that unless approval of shareholders as required under applicable laws (or the applicable rules and policies of any stock exchange or market on which the shares are listed, if any) is obtained, no options shall be granted to any Employee or Consultant who is an Investor Relations Person, an Associated Consultant, an Executive Officer, a Director (as those terms are defined in the Stock Option Agreement) or permitted assign of these persons if, after the grant of options: (i) the number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to: (A) Related Persons (as that term is defined in the Stock Option Plan), exceeds 10% of the outstanding securities of the Company, or (B) a Related Person, exceeds 5% of the outstanding securities of the Company, or (ii) the number of securities, calculated on a fully diluted basis, issued within 12 months to: (A) Related Persons, exceeds 10% of the outstanding securities of the Company, or (B) a Related person and associates of the Related Person, exceeds 5% of the outstanding securities of the Company.

No option may be exercised during a Blackout Period (as that term is defined in the Stock Option Plan), if the participant is then restricted from trading in Common Shares pursuant to any policy of the Company or applicable laws. If an expiry date of an option falls on a date within a Blackout Period or within nine business days following the expiration of a Blackout Period, the expiry date for that option will be automatically extended, without any further act or formality, to that date which is the tenth business day after the end of the Blackout Period.

The Board may amend the Stock Option Plan, subject to the requirements of any stock exchange or market on which the Common Shares are listed, if any, including any shareholder approval requirements, subject to certain conditions in favour of the option holders.

RSU Plan

The Board approved the RSU Plan on January 13, 2021. The Company has not granted any RSUs under the RSU Plan. For information of the RSU Plan, see "*Approval of RSU Plan*" or the RSU Plan attached hereto as Appendix B.

Share.

The Company has no equity compensation plans other than as described in this Circular.

Employment, Consulting and Management Agreements

The Company has in place the following employment, consulting or management agreements between the Company or any subsidiary or affiliate thereof and its Named Executive Officers:

Jon Gill

Mr. Gill's services are paid through a consulting agreement with the Company and Braxton Corporate Advisors Inc. ("**Braxton**") dated December 1,2020, as amended March 25, 2021 (the "**Gill Agreement**"). The Gill Agreement provides for compensation at a rate of $15,000 per month (the "**Consulting Fees**") payable to Braxton (for the services of Mr. Gill) and is a three (3) year period (the "**Term**"), subject to termination at any time, if Mr. Gill gives thirty (30) days written notice to the Company. The Company may terminate the Gill Agreement at any time for just cause provided that the Company pays Mr. Gill an amount of equal to any accrued Consulting Fees and any out-of-pocket expenses incurred prior to the date of termination payable to Mr. Gill. The Company may also terminate the Gill Agreement at any time, without cause, provided: (i) the Company provides Mr. Gill written notice of the Gill Agreement, specifying the date upon which the Gill Agreement shall terminate; and (ii) an amount representing the balance of the Consulting Fees from the date of termination to the end of the Term and any out-of-pocket expenses incurred prior to the date of termination payable to Gill within fifteen (15) days of the date of termination (the "**Gill Termination Payment**").

In the event of a change of control of the Company, Mr. Gill may elect, for a period of thirty (30) days following the date on which there is a change of control, to terminate the Gill Agreement by giving sixty (60) days' notice in writing to the Company. If Mr. Gill terminates the Gill Agreement upon a change of control of the Company, Mr. Gill is entitled to a payment calculated in the Gill Termination Payment.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Company currently pays its directors a fee of $5,000 per month for acting as directors of the Company. They are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors of the Company and discretionary bonuses. The Company does, from time to time, grant the directors of the Company stock options pursuant to the Stock Option Plan. There are no other arrangements under which the directors of the Company who are not Named Executive Officers were compensated by the Company or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Company.

Compensation of Named Executive Officers

Principles of Executive Compensation

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Company's executive compensation program:

1. align interest of executives and shareholders;

2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;

3. pay for performance;

4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long-term value; and

5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board is responsible for the Company's compensation policies and practices. The Board, at the recommendation of management, has the responsibility to review and make recommendations concerning the compensation of the directors of the Company and the Named Executive Officers. The Board, at the recommendation of management, also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board, at the recommendation of management, also reviews and approves the hiring of executive officers.

Base Salary

The Board, at the recommendation of management, approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Board, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by management in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan and RSUs granted from time to time by the Board under the provisions of the RSU Plan.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

Termination and Change of Control Benefits

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. Other than as disclosed in the section entitled "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*" in this Management Information Circular, the Company is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Company resulting from the resignation, retirement or the termination of employment of such person.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of December 31, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights ($)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	150,000 options	1.00	2,233,133
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	150,000 options	1.00	2,233,133

Notes:

(1) The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the Stock Option Plan will not exceed 10% of the outstanding Common Shares at the time of the stock option grant. As at the date of this Management Information Circular, 3,377,201stock options may be issued under the Stock Option Plan,

2,525,000 stock options are outstanding and an additional 852,201 stock options are reserved for issue and remain available for future issue under the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as already disclosed herein, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the issuer's annual shareholder meeting. The Company is a "venture issuer" for the purposes of NI 52-110.

Audit Committee Charter

The full text of the charter of the Company's Audit Committee is attached hereto as appendix A (the "**Audit Committee Charter**").

Composition of the Audit Committee

The Audit Committee members are currently Harrison Reynolds (Chair), Chris Irwin and Jon Gill, each of whom is a director and financially literate. Mr. Reynolds, is deemed to be "independent" for the purposes of NI 52-110, while Messrs. Irwin and Gill, are not considered to be "independent" for the purposes of NI 52-110.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;

2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and

4. an understanding of internal controls and procedures for financial reporting.

Harrison Reynolds - Mr. Reynolds is an entrepreneur in the tech and entertainment sectors. He has been a founding member of multiple venture backed startups in the film and mobile gaming industries. He was the driving force behind their concept development, corporate strategy and the raising of private equity.

Jon Gill, Executive Chairman and Director – Mr. Gill attended York University studying law and Economics while completing the Canadian Securities Program. He worked for 12 years in the capital markets with two national firms as a Trader, Investment Advisor and Investment Banker. He has also served on numerous public, private and non profit Boards including CEO positions with budget and P&L responsibilities and lead several Audit, Compensation and Board M&A committees. He has worked extensively in the past 14 years as a consultant, restructuring and managing high growth companies.

Chris Irwin, President, Chief Executive Officer and Director – Mr. Irwin is a graduate of Bishop's University (B.A., 1990), the University of New Brunswick (Bachelor of Laws, 1994) and Osgoode Hall Law School (Masters of Laws, 2009). He was called to the Bar of Ontario in 1996. Mr. Irwin represents several public companies, is an officer and/or director of several public companies and serves or has served on the audit committee of several public companies.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);

2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);

3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);

4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or

5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2020 and December 31, 2019:

	Audit Fees ($)	**Audit-Related Fees ($)**	**Tax Fees ($)**	**All Other Fees ($)**
Year ended December 31, 2020	10,000	Nil	Nil	Nil
Year ended December 31, 2019	6,500	Nil	Nil	Nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly consolidated financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and association fees.

REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the "**Governance Guidelines**") of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Corporate Governance Committee will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company's approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

Board of Directors

The Board is currently composed of three directors. *Form 58-101F2 – Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**") requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. Accordingly, of the proposed nominees, Chris Irwin, the President and Chief Executive Officer of the Company and Jon Gill, the Executive Chairman of the Company are considered not to be "independent". The remaining proposed director is considered by the Board to be "independent", within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

Directorships

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
Chris Irwin	Minnova Corp., Deveron Corp., Greencastle Resources Ltd., Relay Medical Corp., Intercontinental Gold and Metals Ltd., Drone Delivery Canada Corp., Glow Lifetech Corp., Royal Coal Corp., American Aires Inc, Veta Resources Inc., Interactive Capital Partners Corporation, and Crosswinds Holdings Inc.
Jon Gill	Cymat Technologies Ltd.

Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Company's legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members who are familiar with the Company and the nature of its business have been nominated.

Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

Nomination of Directors

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

Currently the Board has not implemented a formal process for assessing directors.

OTHER MATTERS

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Shareholders may contact the Company in order to request copies of: (i) this Management Information Circular; and (ii) the Company's consolidated financial statements and the related management's discussion and analysis (the "**MD&A**") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for its financial years ended December 31, 2018, December 31, 2019 and 2020.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Management Information Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Toronto, Ontario this 22nd day of June, 2021.

BY ORDER OF THE BOARD

"*Jon Gill*" (signed)
Executive Chairman

APPENDIX A

PLAYGROUND VENTURES INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

SCHEDULE "A"

STOMPY BOT CORPORATION
(the "**Corporation**")

AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Corporation's audit committee, or its Board of Directors (the "**Board**") in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Corporation and any subsidiaries.

1. Composition

(a) *Number of Members*. The Audit Committee must be comprised of a minimum of three directors of the Corporation, at least two of whom will be independent. Independence of the board members will be as defined by applicable legislation.

(b) *Chair*. Audit Committee members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.

(c) *Financially Literacy*. All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

2. Meetings

(a) *Quorum*. The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.

(b) *Agenda*. The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.

(c) *Notice to Auditors*. The Corporation's auditors (the "**Auditors**") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.

(d) *Minutes*. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

3. Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

<u>External Auditor</u>

The Audit Committee will:

(a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Corporation's accounts, controls and financial statements.

(b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.

(c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.

(d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board.

(e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Corporation or its subsidiaries.

(f) *Direct Responsibility for Overseeing Work of Auditors.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.

(g) *Resolution of Disputes.* Assist with resolving any disputes between the Corporation's management and the Auditors regarding financial reporting.

Consolidated Financial Statements and Financial Information

The Audit Committee will:

(a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Corporation, discuss those statements with management and with the Auditor, and recommend their approval to the Board.

(b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.

(c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Corporation's management discussion and analysis, interim and annual press releases, and audit committee reports before the Corporation publicly discloses this information.

(d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

Risk Management, Internal Controls and Information Systems

The Audit Committee will:

(a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Corporation with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Corporation or from applicable laws or regulations.

(b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.

(c) *Accounting Policies and Practices*. Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.

(d) *Litigation*. Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation and the manner in which these matters are being disclosed in the consolidated financial statements.

(e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Corporation's financial statements or disclosure.

Complaints

(a) *Accounting, Auditing and Internal Control Complaints*. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.

(b) *Employee Complaints*. The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

4. Authority

(a) *Auditor*. The Auditor, and any internal auditors hired by the Corporation, will report directly to the Audit Committee.

(b) *To Retain Independent Advisors*. The Audit Committee may, at the Corporation's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

5. Reporting

The Audit Committee will report to the Board on:

(a) the Auditor's independence;

(b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;

(c) the reappointment and termination of the Auditor;

(d) the adequacy of the Corporation's internal controls and disclosure controls;

(e) the Audit Committee's review of the annual and interim consolidated financial statements;

(f) the Audit Committee's review of the annual and interim management discussion and analysis;

(g) the Corporation's compliance with legal and regulatory matters to the extent they affect the financial statements of the Corporation; and

(h) all other material matters dealt with by the Audit Committee.

APPENDIX B

PLAYGROUND VENTURES INC.

RSU PLAN

BLOCPLAY ENTERTAINMENT INC.
RESTRICTED SHARE UNIT PLAN

Dated for Reference January 13, 2021

PART 1 INTRODUCTION

1.1 Purpose

The purpose of this RSU Plan is to allow for certain discretionary bonuses and similar awards to be granted as an incentive or reward for selected Eligible Persons related to the achievement of the Company's objectives, including increases in the value of the Company. This Plan is intended to promote a greater alignment of interests between the objectives of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company.

1.2 Definitions

"**Affiliate**" means a person that is affiliated within the meaning of Section 1(2) of the Securities Act, and includes those entities that are similarly related, whether or not any of the entities are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.

"**Asset Value Increase**" means the change in FMV of an Asset, calculated as the FMV of an Asset as of December 31 of a particular year (or the date of disposition of such Asset if sold during a calendar year), less the FMV of the same Asset as of December 31 of the prior year (or the date of acquisition if acquired during a calendar year), expressed as a percentage as to the prior year's FMV.

"**Assets**" mean those resource properties, securities, interests or other assets acquired by the Company from time to time.

"**Associate**" has the meaning assigned to it in the Securities Act.

"**Award**" means an award of a Restricted Share Unit(s) hereunder.

"**Award Grant Agreement**" means an agreement evidencing an Award, substantially in the form attached as Schedule "A".

"**Board**" means the board of directors of the Company as it may be constituted from time to time.

"**Business Day**" means a day that is not a statutory holiday and a day on which banks are open in Vancouver, Canada.

"**Cash Settlement Procedures**" mean the procedure to settle vested Restricted Share Units in cash as outlined in Section 3.3 hereof.

"**Committee**" has the meaning attributed thereto in Section 6.1.

"**Company**" means Blocplay Entertainment Inc., a corporation established under the laws of British Columbia.

"**Consultant**" means a person (other than an Employee or an Executive) that:

(i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company other than services provided in relation to a "distribution" (as that term is described in the Securities Act);

(ii) provides such services under a written contract between the Company or an Affiliate of the Company and the person;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the person to be knowledgeable about the business and affairs of the Company.

"**CSE**" means the Canadian Securities Exchange.

"**Director**" means a member of the board of directors of the Company or an Affiliate.

"**Disinterested Shareholder Approval**" means the approval of a majority of the votes cast by Shareholders at a meeting called for such purpose but excluding votes attaching to Shares beneficially owned by (i) the Holder of an Award that is the subject of an amendment under consideration at a meeting of Shareholders, (ii) individual Eligible Persons entitled to participate in this RSU Plan, in the case of its implementation or an amendment to this RSU Plan, where such amendment requires a meeting of Shareholders to approve, and any Associates of such persons.

"**DRS**" means direct registration statement.

"**Eligible Persons**" means persons who are Directors, Employees, Executives, Consultants, or parties to an investment advisory agreement with the Company, and so are eligible to participate in this RSU Plan.

"**Employee**" means

(i) an individual who is considered an employee of the Company or any Affiliate under the *Income Tax Act*, (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source; or

(ii) an individual who works for the Company or any Affiliate either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Affiliate over the details and methods of work as an employee of the Company or any Affiliate, but for whom income tax deductions are not made at source.

"**Executive**" means an individual who is a senior officer or Management Company Employee of the Company or an Affiliate.

"**Fair Market Value**" or "**FMV**" means, with respect to an Asset of the Company, the initial cost of acquiring the Asset, and thereafter the value determined therefor as of December 31 of each year determined as:

(i) for an Asset for which there is a public market (such as securities), the FMV will be calculated based on the VWAP for the five trading days of the said securities immediately prior to December 31 of a particular year; and

(ii) for an Asset for which there is no public market for the securities held, the FMV will be calculated based on the last price at which the Investee raised funds immediately prior to December 31 of a particular year;

provided that if an Asset is disposed of, in whole or in part, the FMV of the Asset disposed of will be the net proceeds realized by the Company from such disposition.

"**Holder**" means a Participant that, at the relevant time, holds an Award.

"**Insider**" has the meaning assigned to it in the Securities Act and also includes an Associate or Affiliate of any person who is an Insider.

"**Investor Relations Activities**" has the meaning given such term in CSE Policies, as amended, supplemented or replaced, from time to time.

"**Management Company Employee**" means an individual employed by a Person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities.

"**Participant**" means, in respect of this RSU Plan, Eligible Persons who participate in this RSU Plan voluntarily.

"**Performance Conditions**" means those conditions set out in section 2.4, and any other conditions imposed on an Award which are required to be satisfied or discharged in order that an Award shall vest.

"**Restricted Share Unit**" or "**RSU**" means the right of a Holder to receive one (1) Share or a cash payment equivalent to one (1) Share, following the Vesting Period of an Award and satisfaction of any required Performance Conditions, subject to the terms and provisions set forth in this RSU Plan and the applicable Award Grant Agreement.

"**RSU Plan**" means this Restricted Share Unit Plan, as may be amended from time to time.

"**Securities Act**" means the *Securities Act* (British Columbia) as amended from time to time.

"**Settlement Election**" has the meaning attributed thereto in Section 2.5.

"**Share Compensation Arrangements**" mean all plans, agreements or arrangements for the issuance of Shares to Eligible Persons which the Company may have in place from time to time, including the Stock Option Plan and this RSU Plan.

"**Share Settlement Procedures**" means the procedure to settle vested Restricted Share Units in Shares as outlined in Section 3.4 of the RSU Plan.

"**Shareholder**" means a holder of Shares; and "**Shareholders**" means all of the holders of Shares, collectively.

"**Shares**" means the common shares of the Company.

"**Stock Option Plan**" means the Stock Option Plan of the Company in effect from time to time, as such plan may be amended, varied or replaced.

"**Tax Act**" means the Income Tax Act (Canada), as amended from time to time.

"**Vesting Period**" means the period of time which must pass as set out in Section 3.1 before which an Award entitles the Holder to the settlement of such Restricted Share Units.

"**VWAP**" means volume weighted average price.

PART 2 UNIT AWARD GRANTS

2.1 Participation

Awards may only be granted to Participants provided that the participation is voluntary. A Participant will not be entitled to receive the grant of an Award after the date that the Participant ceases to be an Eligible Person for any reason.

2.2 Grant of Awards

Either (i) the Board, on the recommendation of the Committee, or (ii) the Committee (subject to section 6.1) if such authority is delegated by the Board, may at any time and from time to time authorize the granting of Awards to such Participants as it may select for the number of Awards that it shall designate, and the Vesting Period applicable thereto.

The date that an Award is granted shall be (i) the date such grant was approved by the Committee for recommendation to the Board, provided the Board approves such grant; or (ii) for a grant of an Award not approved by the Committee for recommendation to the Board, the date such grant was approved by the Board, or (iii) if authority is delegated to the Committee, the date the grant was approved by the Committee.

The Committee or Board, as the case may be, may set general parameters on the future grant of Awards, including amounts, Eligible Persons, and amounts designated to certain Eligible Persons holding certain positions within or outside the Company. By way of example, the Board may determine that a person holding a particular officer position may be entitled to a fixed percentage of all Awards granted for a period of time.

2.3 Considerations in Granting Awards

In determining the Participants to whom Awards may be granted and the number of Awards, the Board or Committee shall take into account such considerations as it considers relevant, which may include the following factors:

a) compensation data for comparable benchmark positions among the Company's competitors;

b) the duties and seniority of the Participant;

c) the performance of the Participant in the current or prior year;

d) individual and/or departmental contributions and potential contributions to the success of the Company; and

e) such other factors as the Committee shall deem relevant in connection with accomplishing the purposes of this RSU Plan.

2.4 Performance Conditions

Each grant of an Award will be based on the Asset Value Increase of each particular Asset held by the Company, as follows:

(i) for an annual Asset Value Increase of 8.0% or less, no Award may be granted;

(ii) for an annual Asset Value Increase of greater than 8.0% but less than 50%, an Award may be granted of up to 20% of the Asset Value Increase applicable to that Asset;

(iii) for an annual Asset Value Increase of greater than or equal to 50% but less than 100%, an Award may be granted of up to 25% of the Asset Value Increase applicable to that Asset; and

(iv) for an annual Asset Value Increase of greater than or equal to 100%, an Award may be granted of up to 30% of the Asset Value Increase applicable to that Asset.

2.5 Value of Awards

The value of each Award will be determined on the date of grant based on the Asset Value Increase(s) as applicable to the grant, on a pro-rata basis to the number of Awards granted to all Participants at the time of grant.

2.6 Grant Agreements

Each Award granted to a Participant shall be evidenced by an Award Grant Agreement with terms and conditions consistent with this RSU Plan and as approved by the Board or the Committee, as applicable (which terms and conditions need not be the same in each case and may be changed from time to time, subject to this RSU Plan, and the approval of any material changes by the CSE or such other exchange or exchanges on which the Shares are then traded).

2.7 No Assurance of Future Awards

Subject to section 2.2, the Committee or the Board's decision to approve the grant of an Award in any year shall not require the Committee or the Board to approve the grant of an Award to any Participant in any other year; nor shall the Committee or the Board's decision with respect to the size or terms and conditions of an Award in any year require it to approve the grant of an Award of the same size or with the same Performance Conditions or other terms and conditions to any Participant in any other year. No Eligible Person has any claim or right, legal or equitable, to be receive an Award grant from the Company.

PART 3 VESTING AND SETTLEMENT OF UNIT AWARDS

3.1 Vesting

At a minimum, Awards will vest over 24 months, as to 25% every six months, however the Board may determine or set longer vesting provisions in each instance. Except as otherwise provided in this RSU Plan, the Board or the Committee shall determine, at the time of the grant of an Award, the vesting provisions to apply to each Award granted pursuant to Part 2.

3.2 Payment for Vested Awards

Once vested, and subject to the satisfaction of all applicable Performance Conditions and Section 6.10, Awards shall be forthwith settled by the Company by a payment to the Participant in cash or in Shares at the election of the Company. Following receipt of payment, the Restricted Share Units so settled shall be of no value whatsoever and shall be struck from the Participant's notional account. The Company may choose to settle Restricted Share Units by electing to use both the Cash Settlement Procedure and the Share Settlement Procedure. Notwithstanding the above, a Participant may elect to defer payment in settlement of a vested RSU until such later date as the Participant may advise the Company, and in such event Awards will not be settled by the Company until notified by the Participant.

3.3 Cash Settlement Procedures

If the Company chooses Cash Settlement Procedures in accordance with Section 3.2, for all or part of a settlement, then:

a) the Company may pay some or all of the Award in cash, if it has cash in hand; or

b) the Company may pay some or all of the Award in kind through the distribution of interests held by it in Investee Entities, based on the fair market value of the interest being distributed as of the date of distribution; or

c) the Company may pay some or all of the Award by generating cash through the sale of vested Shares to which the Participant is otherwise entitled, using the following procedure:

(i) the Company will instruct a licensed securities broker or dealer ("**Broker**") to sell such number of vested Shares to which the Participant is otherwise entitled as directed by the Company;

(ii) the Company will issue the vested Shares in such name or names as is notified by the Broker such that the Broker is able to settle the sale of the vested Shares;

(iii) the Broker will sell the vested Shares as directed by the Board, and in any event in a reasonable manner so as not to unduly affect the public trading market for such Shares and in order to achieve the best price reasonably possible under then prevailing market conditions;

(iv) upon completion of the sale of the vested Shares, the Broker will deliver the net proceeds achieved from the sale or sales (net of agreed brokerage costs and fees) to the Company (together with a statement of reasonable detail setting forth the sale prices achieved, costs and fees);

(v) the Company shall be entitled to, and shall, withhold any transfer fees, taxes or other withholdings required by law to be withheld from the net proceeds in accordance with Section 6.10; and

(vi) if only a portion of the vested Shares are instructed to be sold, then the Company will deliver a Share certificate to the Participant concurrently with delivery of the net proceeds, such share certificate to be issued in accordance with the Share Settlement Procedures of Section 3.4.

A Participant that receives cash pursuant to the Cash Settlement Procedures shall only be entitled to the amount of net cash received through the sale of vested Shares in the market, which may be more or less than the value of the Shares as at the date of vesting, the date that cash settlement is chosen, or the date the net proceeds from the sale are received by the Participant. Neither the Company nor the Broker guarantees any sale price for the vested Shares sold for the benefit of a Participant.

A Broker may request that the Participant confirm that such person does not have knowledge of a material fact or material change concerning the Company that has not been generally disclosed. Other than in respect of the foregoing communication, a Holder or Participant may not contact or otherwise communicate with the Broker.

3.4 Share Settlement Procedures

If the Company has chosen Share Settlement Procedures in accordance with Section 3.2, then the Company will cause the vested Shares to be issued in certificated or DRS form to the Participant within five (5) Business Days of vesting.

As soon as reasonably practicable following each issuance of Shares to a Participant pursuant to this Section (or 3.3(c)(vi) if applicable), the Company will cause to be delivered to the Participant a certificate in respect of such Shares provided that, if required by applicable law or the rules and policies of the CSE or such other exchange or exchanges on which the Shares are traded, a restrictive legend shall be inscribed on the certificate, which legend shall state that the Shares shall not be transferable for such period as may be prescribed by law or by any regulatory authority or stock exchange on which the Shares are listed.

Any Shares issued under this RSU Plan shall be considered as fully paid in consideration of past services rendered that are not less in value than the fair equivalent of money that the Company would have received if the Shares were issued for money.

3.5 Settlement End Date

Notwithstanding anything to the contrary in this RSU Plan, all Awards shall be settled by no later than the tenth anniversary of their date of issue, failing which all such Awards shall be deemed null and void and of no further effect.

PART 4 EFFECT OF TERMINATION

4.1 Termination

Unless a Participant or Holder ceases to be an Eligible Person by reason of being terminated for cause, a Holder who ceases to be an Eligible Person shall continue to retain and be entitled to all Awards previously granted to him or her. If a Participant or Holder is terminated for cause, then all vested and unvested Awards shall be terminated as of the date the Holder is terminated, and shall not thereafter entitle the Participant or Holder or his or her estate or legal representative to any Award, Restricted Share Units or payment thereunder.

PART 5 CHANGE OF CONTROL; REORGANIZATIONS ETC.

5.1 Effect of Takeover Bid

If a bona fide offer (the “Offer”) for Shares is made to Shareholders generally or to a class of Shareholders which includes the Holder, which Offer, if accepted in whole or in part, would result in the offeror becoming a ‘control person’ within the meaning of subsection 1(1) of the Securities Act, then the Company shall, immediately upon receipt of notice of the Offer, notify each Holder currently holding an Award of the Offer, with full particulars thereof, whereupon, if all conditions to the Offer are satisfied or waived, all Awards shall vest and shall be deemed to have vested, and all Performance Conditions shall be deemed to have been determined as of the date of the Offer, such that upon consummation of the Offer, all Awards shall be settled in accordance with the Settlement Election chosen by the Participant.

5.2 Effect of Amalgamation or Arrangement

If the Company amalgamates with, or is the subject of an arrangement with, another corporation, any Shares receivable on the exercise of an Award shall instead become the right to receive the securities, property or cash which the Participant would have received upon such amalgamation or arrangement if the Participant had exercised his, her or its Award immediately prior to the record date applicable to such amalgamation or arrangement, and shall be adjusted equitably and appropriately by the Board. Prior to agreeing to any such amalgamation or arrangement, the Board shall take all such steps as are necessary to ensure that such other corporation honors this Section 5.2 and the requirement that vested Awards be settled as aforementioned.

5.3 Adjustment in Shares Subject to the RSU Plan

If there is any change in the Shares through consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under this RSU Plan, and the Shares subject to any Award, be adjusted equitably and appropriately by the Board and such adjustment shall be effective and binding for all purposes of this RSU Plan.

PART 6 GENERAL, INTERPRETATION and ADMINISTRATION

6.1 Administration by Committee or Specialist

Unless otherwise determined by the Board, this RSU Plan may be administered by the Compensation Committee (the "Committee") or by any qualified third party consultant (a "Specialist") appointed by the Board (or any successor to such committee or consultant).

The Board may delegate to the Committee and/or the Specialist the power, where consistent with the general purpose and intent of this RSU Plan and subject to the specific provisions of this RSU Plan, to:

a) adopt and amend rules and regulations relating to the administration of this RSU Plan and make all other determinations necessary or desirable for the efficient administration of this RSU Plan;

b) interpret and apply the provisions of this RSU Plan and related agreements

c) correct any defect or complete any omission or reconcile any inconsistency in this RSU Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this RSU Plan into effect;

d) grant Awards to Participants; and determine the terms, including the Performance Conditions, and vesting period, if any, upon such grants;

e) adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this RSU Plan as it may from time to time deem advisable; and

f) make all other determinations and to take all other actions in connection with the implementation and administration of this RSU Plan as it may deem necessary or advisable.

For greater certainty, any such delegation by the Board may be revoked at any time at the Board's sole discretion.

No member of the Board or any person acting pursuant to authority delegated by it hereunder, nor any member of the Committee, shall be liable for any action or determination in connection with this RSU Plan made or taken in good faith, and each member of the Board and each such person shall be entitled to indemnification by the Company with respect to any such action or determination.

6.2 Limitations

Notwithstanding the powers that may be delegated to the Committee or a Specialist, no changes may be make retroactively to any previously issued Award without the consent and approval of the Holder thereof.

6.3 Effective Date

This RSU Plan is established effective on the date that this RSU Plan has been adopted by the Board (the "**Effective Date**") provided, however, that no cash and/or Shares underlying a vested Award shall be issued by the Company or paid to a Participant in accordance with this RSU Plan prior to it having received the necessary regulatory, stock exchange and shareholder approvals.

6.2 Non-Transferability

Any Awards or Restricted Share Units accruing to any Participant in accordance with the terms and conditions of this RSU Plan shall not be transferable. During the lifetime of a Participant all benefits and rights granted under this RSU Plan may only be exercised by the Participant.

6.3 Employment

Nothing contained in this RSU Plan shall confer upon any Participant any right with respect to employment or continuance of employment or engagement for service of any nature with the Company or any, Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment or engagement at any time. Participation in this RSU Plan by a Participant is entirely voluntary and Participant may decline an Award at any time and/or voluntarily agree to the termination of an Award previously granted at any time.

6.4 Not a Shareholder

Nothing contained in this RSU Plan nor in any Award granted hereunder shall be deemed to give any Participant any interest or title in or to any Shares or any rights as a Shareholder or any other legal or equitable right against the Company, or any of its Affiliates whatsoever, including without limitation, the right to vote as a Shareholder or the right to participate in any new issue of Shares to existing holders of Shares, other than those rights relating to Shares that have been issued by the Company upon the settlement of a Restricted Share Unit in accordance with the Share Settlement Procedures.

6.5 Unfunded Plan

This RSU Plan shall be unfunded.

6.6 Record Keeping

The Company shall maintain a register in which shall be recorded:

a) the name and address of each Holder;

b) the number of vested and unvested Awards held by each Holder;

c) the relevant Performance Conditions (if any) attached to each Award; and

d) such other information as the Board or the Committee may determine.

6.9 Taxes

The Company (or the Broker if applicable) may withhold from any remuneration or consideration whatsoever payable to a Participant hereunder, any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in this RSU Plan (the "Applicable Withholding Taxes"). For greater certainty, unless not required under the Tax Act, no cash payment will be made nor will Shares be issued until:

a) An amount sufficient to cover the Applicable Withholding Taxes payable on the settlement of such Restricted Share Units has been received by the Company (or withheld by the Company pursuant to Section 3.3(c)(v), or a sufficient quantity of securities are retained pursuant to Section 3.3(b));

b) The Participant agrees that the proceeds it is entitled to from the sale of such number of Shares as is necessary to raise an amount equal to the Applicable Withholding Taxes, shall be delivered to the Company; or

c) The Company elects to settle for cash, and the Company withholds an amount sufficient to cover the Applicable Withholding Taxes.

Notwithstanding the foregoing, the Company makes no representation or warranty as to the future market value of the Shares or with respect to any tax matters affecting the Participant resulting from the grant of an Award or settlement of a RSU or transactions in the Shares. With respect to any fluctuations in the market price of Shares, neither the Company, nor any of its directors, officers, employees, shareholders or agents (including the Broker) shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder or their sale (as applicable) or in any other manner related to this RSU Plan. For greater certainty, no amount will be paid to, or in respect of, an Holder under this RSU Plan or pursuant to any other arrangement, and no additional cash or Shares will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, an Holder for such purpose.

6.11 Amendments to RSU Plan

The Board (but not the Committee whose amending powers are established further below) shall have the power to, at any time and from time to time, prospectively (and not retroactively), amend, suspend or terminate this RSU Plan, but not to amend any Award previously granted under this RSU Plan without the consent and approval of the Holder.

The Committee shall only have the power to, at any time and from time to time, either prospectively: make changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in this RSU Plan; changes to the vesting, provisions of Awards, and changes to the Performance Conditions, in a manner it may choose if such authority is delegated to it, but subject to this Section 6.11.

The powers of the Board or the Committee, as the case may be, in this Section 6.11 shall be limited as follows:

a) any amendment to this RSU Plan or any Award may require prior acceptance of the CSE, unless such amendment imposes additional Performance Conditions;

b) if the amendment is in respect of an Award or Restricted Share Unit held by an Insider, but excluding the amendment in Section 6.11(a), Disinterested Shareholder Approval may be required prior to implementing the amendment; and

c) any amendment, suspension or termination is in accordance with applicable laws and the rules of any other stock exchange on which the Shares are listed.

If the RSU Plan is terminated, the provisions of this RSU Plan and any administrative guidelines and other rules and regulations adopted by the Board or the Committee and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this RSU Plan, the Board shall remain able to make such amendments to this RSU Plan or the Awards as they would have been entitled to make if this RSU Plan were still in effect.

No such amendment to the RSU Plan shall cause the RSU Plan to cease to be a plan described in section 7 of the Tax Act or any successor to such provision.

6.12 Compliance with Applicable Law, etc

If any provision of this RSU Plan or any agreement entered into pursuant to this RSU Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or this RSU Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.13 Notice

Any notice required to be given by this RSU Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by electronic transmission (email or facsimile) addressed, if to the Company, to the office of the Company in Vancouver, British Columbia, Attention: Corporate Secretary; or if to a Participant or Holder, to such Participant or Holder at his or her address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant or Holder; or if to any other person, to the last known address of such person.

6.14 Fractional Shares

No fractional Shares shall be delivered upon the settlement of any Restricted Share Unit under this RSU Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the settlement of a Restricted Share Unit, or from an adjustment permitted by the terms of this RSU Plan, such Participant shall only have the right to receive the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

SCHEDULE "A"
RESTRICTED SHARE UNIT PLAN

AWARD GRANT AGREEMENT

Name: [**name of Participant**]

Date of Grant: [**insert date**]

Blocplay Entertainment Inc. (the "**Company**") has adopted a Restricted Share Unit Plan (the "**RSU Plan**") as a part of its compensation program. This Award grant entitling the holder to Restricted Share Units is governed in all respects by the terms of the RSU Plan, and the provisions of the RSU Plan are hereby incorporated by reference. Capitalized terms used and not otherwise defined in this Award Grant Agreement shall have the meanings set forth in the RSU Plan. In the event of any discrepancy or conflict between this Grant Agreement and the RSU Plan, the RSU Plan shall govern.

Your Grant:	The Company hereby grants to you [**name of Participant**] Awards entitling you to [•] Restricted Share Units, subject to the following conditions.
Performance Conditions:	The Performance Conditions are set forth in section 2.4 of the RSU Plan [**and insert any additional conditions**]
Vesting:	To vest over 24 months from the date of grant as to 25% every six months.
Settlement Date:	[**to be inserted**]

By acceptance of this Award and the underlying unvested Restricted Share Units, the undersigned acknowledges receipt of the RSU Plan and agrees hereby to become a party to and to be subject to the terms of the RSU Plan.

The undersigned further acknowledges and agrees that the Participant's abovementioned participation is voluntary.

Accepted and agreed to this _____ day of _______________________, 20______.
BLOCPLAY ENTERTAINMENT INC.

By:__________________________________
Name:
Title:
SIGNED, SEALED & DELIVERED
In the presence of:

Witness

Name of Participant

BLOCPLAY ENTERTAINMENT INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

43 Church Street, Suite 500 + P.O. Box 1237 + St. Catharines, ON + L2R 7A7
phone 905.688.4842 fax 905.688.1746
www.jonesoconnell.ca

Independent Auditor's Report

To the Shareholders of Blocplay Entertainment Inc.

Opinion

We have audited the consolidated financial statements of **Blocplay Entertainment Inc.** ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Blocplay Entertainment Inc.** as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has a net loss for the year ended December 31, 2020 of $149,263 (2019 - $12,177) and has accumulated losses of $8,221,808 (2019 - $8,072,545) and expects to incur future losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

To the Shareholders of Blocplay Entertainment Inc. (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

St. Catharines, Ontario
April 28, 2021

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

BLOCPLAY ENTERTAINMENT INC.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019
	$	$
ASSETS		
Current		
Cash	**148,449**	44,719
HST receivable	**18,977**	1,774
Prepaid expenses and other assets (Note 7)	**255,417**	-
	422,843	46,493
Intangible assets (Note 8)	**1,123,552**	-
	1,546,395	46,493
LIABILITIES AND EQUITY		
Current		
Trade payables (Note 12)	**200,478**	364,773
Accrued liabilities	**10,000**	307,000
Total current liabilities	**210,478**	671,773
Equity		
Share capital (Note 10)	**8,880,287**	7,268,379
Warrant reserve (Note 10)	**498,552**	-
Share based payment reserve (Note 11)	**178,886**	178,886
Deficit	**(8,221,808)**	(8,072,545)
	1,335,917	(625,280)
	1,546,395	46,493

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent event (Note 15)

On behalf of the Board of Directors on April 28, 2021:

(“signed”)
Jon Gill
Director

(“signed”)
Chris Irwin
Director

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

BLOCPLAY ENTERTAINMENT INC.
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	2020	2019
	$	$
Operating expenses		
Consulting and management fees (Note 12)	224,583	240,000
General and administrative	25,783	23,222
Professional fees	30,567	60,547
	280,933	323,769
Other items		
Reversal of trade payables	(166,325)	-
Loss on debt settlements	34,654	-
Loss on foreign exchange	1	640
Other income	-	(12,232)
Write-off of loan payable (Note 9)	-	(300,000)
	(131,670)	(311,592)
Net loss and comprehensive loss	(149,263)	(12,177)
Loss per share - basic and diluted	(0.01)	(0.00)
Weighted average number of common shares outstanding - basic and diluted	10,430,338	9,148,921

BLOCPLAY ENTERTAINMENT INC.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	Shares Issued					
	Number of Shares	**Amount**	**Warrant Reserve**	**Share-based Payment Reserve**	**Deficit**	**Total**
		$	$	$	$	$
Balance, December 31, 2018	**9,148,921**	**7,268,379**	**1,797,500**	**178,886**	**(9,857,868)**	**(613,103)**
Expiry of warrants (Note 10)	-	-	(1,797,500)	-	1,797,500	-
Net loss for the year	-	-	-	-	(12,177)	(12,177)
Balance, December 31, 2019	**9,148,921**	**7,268,379**	**-**	**178,886**	**(8,072,545)**	**(625,280)**
Share issued on private placements (Note 10)	8,527,272	861,000	-	-	-	861,000
Units issued on acquisition of 1279078 BC Ltd. (Notes 8, 10)	5,000,000	625,000	498,552	-	-	1,123,552
Shares issued on debt settlements	1,155,140	150,168	-	-	-	150,168
Cost of share issuance	-	(24,260)	-	-	-	(24,260)
Net loss for the year	-	-	-	-	(149,263)	(149,263)
Balance, December 31, 2020	**23,831,333**	**8,880,287**	**498,552**	**178,886**	**(8,221,808)**	**1,335,917**

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

BLOCPLAY ENTERTAINMENT INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	2020	2019
	$	$
Operating activities		
Loss for the year	**(149,263)**	(12,177)
Adjustments to reconcile net loss to cash used in operating activities:		
Reversal of trade payables and accrued liabilities	**(166,325)**	-
Loss on settlement of debts	**34,654**	
Reversal of loan payable	**-**	(300,000)
Changes in non-cash working capital:		
HST receivable	**(17,203)**	54,096
Prepaid expenses	**(105,417)**	-
Trade payables and accrued liabilities	**(179,456)**	285,127
Cash provided from (used in) operating activities	**(583,010)**	27,046
Investing activities		
Advances on demand promissory note	**(150,000)**	-
Cash provided from financing activities	**(150,000)**	-
Financing activities		
Share issuance, net of costs	**836,740**	-
Cash provided from financing activities	**836,740**	-
Increase in cash	**103,730**	27,046
Cash, beginning of year	**44,719**	17,673
Cash, end of year	**148,449**	44,719

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

1. NATURE OF OPERATIONS

BlocPlay Entertainment Inc. 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 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, Canada. The Company's shares trade on the Canadian Securities Exchange under the symbol "PLAY".

2. GOING CONCERN

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company has a net loss for the year ended December 31, 2020 of $149,263 (2019 - $12,177). The Company's cumulative deficit was $8,221,808 as of December 31, 2020 (2019 - $8,072,545). As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. During the year ended December 31, 2020, the Company raised $861,000 (2019 - $nil) through the issuance of 8,527,272 (2019 – nil) common shares and 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on April 28, 2021.

3.2 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Stompy Bot Productions Inc., TokenPlay Inc. ("TokenPlay") and 1279078 BC Ltd. ("BCCo"), from the date of obtaining control, being the effective date of December 16, 2020 (see Note 8). All inter-company transactions and balances have been eliminated upon consolidation.

3. BASIS OF PREPARATION (continued)

3.3 Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3.4 Use of management estimates, judgments and measurement uncertainty

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4.4 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Taxation (continued)

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 assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVOCI.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial assets and liabilities (continued)

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss and when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Foreign currency transactions

Functional and presentation currency
The functional currency of the Company and its subsidiaries 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.

4.7 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 year.

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 December 31, 2020 and 2019, both the carrying and fair value amounts of the Company's cash, demand promissory note, 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 demand promissory note receivable (note 7). Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management and cash held in trust with the lawyers. Management believes credit risk with respect to financial instruments included in cash is minimal. The Company's maximum exposure to credit risk as at December 31, 2020 and 2019 is the carrying value of cash and the demand promissory note receivable.

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.

(Expressed in Canadian dollars)

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. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2020	December 31, 2019
Prepaid management fees	$ 105,417	$ -
Demand promissory note	150,000	-
Total prepaid expenses	**$ 255,417**	**$ -**

On December 1, 2020, the Company entered into an agreement with a company whose director is also a director of Blocplay whereby the Company was charged $110,000 as a signing bonus. The term of the agreement is for two years. The Company recognized the amount as a prepaid and will amortize over the term of the agreement. During the year ended December 31, 2020, the Company amortized $4,583 on the consolidated statement of loss. In addition, under this agreement, the company is committed to a monthly consulting fee of $5,000 per month until December 1, 2022.

The Company has advanced $150,000 to Countervail Games as a demand promissory note in connection with an exclusivity agreement between the Company and Countervail Games with respect to a potential investment, with terms to be defined and subject to due diligence. The demand promissory note bears 3% interest and due on demand.

8. INTANGIBLE ASSETS

	Modern Miner	Total
	$	$
Cost		
As at December 31, 2018 and 2019	**-**	**-**
Addition	1,123,552	1,123,552
As at December 31, 2020	**1,123,552**	**1,123,552**

(Expressed in Canadian dollars)

8. INTANGIBLE ASSETS (continued)

Development costs are capitalized based on the criteria in IAS 38 – Intangible Assets. 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.

On December 16, 2020, the Company acquired all issued and outstanding common shares BCCo through a non-arm's length share purchase agreement dated December 16, 2020 (the "Transaction"). As consideration for the Transaction, the Company issued an aggregate of 5,000,000 common shares in the capital of the Company (the "Consideration Shares") and issued an aggregate of 5,000,000 common share purchase warrants (the "Warrants"). Each Warrant shall entitle the holder thereof to acquire one common share in the capital of the Company (each a, "Common Share") at a price of $0.15 per Common Share for a period of five years from the date of issuance. The Consideration Shares were valued at $625,000 and the Warrants were valued at $498,552 and both recorded as an increase in intangible assets (see note 10).

BCCo is a private company formed under the laws of British Columbia, that creates, develops and publishes software related to mobile games and applications. BCCo is currently developing Modern Miner, a mobile game application that will connect the value of exploration to gaming, which it expects to release in the coming year.

9. 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. The balance payable to CMF at December 31, 2019 was $nil (2018 - $300,000) and is non-interest bearing. As at December 31, 2019, the Company wrote-off this loan as the project relating to this loan has been terminated.

10. SHARE CAPITAL

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	Amount ($)
Balance, December 31, 2019 and 2018	**9,148,921**	**7,268,379**
Common shares issued on private placements	8,527,272	861,000
Shares issued on acquisition of BCCo	5,000,000	625,000
Shares issued on debt settlements	1,155,140	150,168
Cost of share issuance	-	(24,260)
Balance, December 31, 2020	**23,831,333**	**8,880,287**

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

Effective June 24, 2020, the Company consolidated its common shares on the basis of one (1) new common share for every twenty (20) old common shares issued and outstanding at that time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

Private Placements
During the year, the Company issued an aggregate of 7,700,000 common shares at a price of $0.10 each common share for gross of $770,000.

On December 22, 2020, the Company issued an aggregate of 827,272 common shares at a price of $0.11 per common shares for gross proceeds of $91,000.

Acquisition of BCCo
Blocplay issued 5,000,000 common shares to acquire all of the issued and outstanding common shares of BCCo. At the time of issuance, the fair market value of the Company's stock price on the open market was $0.125 per common share. Therefore, the fair market value assigned to 5,000,000 common shares of the Company was $625,000.

Debt Settlements
On November 2, 2020, the Company issued an aggregate 1,155,140 common shares at a price of $0.13 per common shares to settle an aggregate of $115,514 indebtedness with arm's length and non-arm's length creditors. Due to the dent settlements, the company incurred a loss of $34,654 on debt settlement.

b) Warrants:

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2018	**3,060,881**	**0.10**
Warrants expired	**(3,060,881)**	**0.10**
Balance, December 31, 2019	**-**	**-**
Warrants issued	5,000,000	0.15
Balance, December 31, 2020	**5,000,000**	**0.15**

The following table reflects the warrants issued and outstanding as of December 31, 2020:

Issue date	Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
December 16, 2020	5,000,000	498,552	0.15	December 16, 2025
	5,000,000	**498,552**	**0.15**	

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

b) Warrants: (continued)

The fair value of the warrants issued during the year ended December 31, 2020 was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	December 16, 2020
Expected life	5 years
Expected volatility	118.02%
Risk-free interest rate	0.45%
Dividend yield	Nil
Underlying share price	$0.125
Exercise price	$0.150

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.

11. 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, 2020 and 2019	**150,000**	**0.05**

(Expressed in Canadian dollars)

11. STOCK OPTIONS

The following table provides additional information about outstanding stock options at December 31, 2020:

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
September 2, 2016	150,000	5.67	$0.05	150,000	$0.05
	150,000	**5.67**	**$0.05**	**150,000**	**$0.05**

12. RELATED PARTIES AND KEY MANAGEMENT

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

	2020	**2019**
	$	**$**
Short-term employee benefits	200,000	240,000
Total compensation to key management	200,000	240,000

Included in trade and other payables as at December 31, 2020 are amounts of $129,950 (2019 - $390,637) 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.

The Company has an amount of $105,417 in prepaid expenses to a company whose director is also a director of Blocplay.

During the year ended December 31, 2020, the Company issued 933,270 common shares to settle $93,327 of debt to current and former directors, resulting in a loss on the settlement of $27,998.

13. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2020	2019
Net loss	**$ (149,263)**	$ (12,177)
Statutory tax rate	**26.5%**	26.5%
Expected income tax recovery	**(39,555)**	(3,277)
Temporary differences not recognized	**39,555**	3,277
Income tax recovery	**$ -**	$ -

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

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

	2020	2019
	$	$
Non-capital losses	**12,830,831**	5,625,142
Capital losses	**34,654**	-
Share issuance costs	**102,472**	166,129
	12,967,947	5,791,271

The Canadian non-capital losses carried forward will expire between 2034 and 2040. Share issue and financing costs will be fully amortized in 2024.

14. LEGAL CLAIM

The Company was party to a statement of claim from a former officer with respect to wrongful dismissal, claiming they were owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. The company had previously accrued $75,000 as required anticipated payment on this claim. During the year ended December 31, 2020, this claim was settled for a total payment of $45,000 plus costs of $10,000.

15. SUBSEQUENT EVENTS

Stock Options
Subsequent to December 31, 2020, the Company granted an aggregate 3,800,000 stock options to purchase common shares of the Company to certain directors, officers and consultants. The stock options are exercisable at $0.165, $0.18 and $0.20 and $0.28 per common share with expiry dates of January 8, 2026, January 12, 2026, February 3, 2026 and March 5, 2026.

On January 8, 2021, the Company issued 500,000 common shares through the exercise of stock options for gross proceeds $82,500.

Debt Settlement
On January 13, 2021, the Company issued 1,155,682 commons shares to settle $127,125 of indebtedness.

Demand promissory note
Subsequent to December 2021, the Company extended its due diligence period with Countervail games to the end May 2021 and the demand promissory note has increased to $620,000.

Private Placements
On January 20, 2021, the Company issued 2,141,450 common shares through non-brokered private placement financing at a price of $0.11 per common share for gross proceeds of $235,560.

15. SUBSEQUENT EVENTS (continued)

Private Placements (continued)

On March 8, 2021, the Company closed a non-brokered private placement financing for gross proceeds of $563,948 through the issuance of 3,759,658 units in the capital of the Company (the “Units”) at a price $0.15 per Unit. Each Unit is comprised is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20 per common share for a period of three years form the date of issuance.

Consulting Agreement

In February 2021, the company entered into a consulting agreement for the amount of $15,000 per month up to December 1, 2023.

Letter of Intent

On April 12, 2021, The Company has entered into binding letter of intent (the "LOI") with Ludare Games Group Inc. ("Ludare Games") to acquire a forty percent (40%) interest of a mobile game project (the "Acquisition"). As consideration for the Acquisition, the Company will issue 1,670,000 common shares in the capital of the Company to Ludare Games and make an investment in the amount of $300,000 into the project. Closing of the Acquisition is set to close on or about May 31, 2021, subject to completed due diligence and closing conditions.

BLOCPLAY
ENTERTAINMENT

Management's Discussion and Analysis of
Financial Condition and Results of Operations

December 31, 2020

Management's discussion and analysis (MD&A) is current to April 28, 2021 and is management's assessment of the operations and the financial results together with future prospects of Blocplay Entertainment Inc. ("Blocplay", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the years ended December 31, 2020 and 2019 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise.

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

BUSINESS OVERVIEW AND CORPORATE UPDATE

The Company was incorporated under the British Columbia Business Corporations Act ("BCBCA") on October 30, 2014. The Company's shares trade on the Canadian Securities Exchange under the symbol "PLAY".

On December 16, 2020, the Company acquired all issued and outstanding common shares 1279078 BC Ltd. ("BCCo") through a non-arm's length share purchase agreement dated December 16, 2020 (the "Transaction"). As consideration for the Transaction, the Company issued an aggregate of 5,000,000 common shares in the capital of the Company (the "Consideration Shares") and issued an aggregate of 5,000,000 common share purchase warrants (the "Warrants"). Each Warrant shall entitle the holder thereof to acquire one common share in the capital of the Company (each a, "Common Share") at a price of $0.15 per Common Share for a period of five years from the date of issuance. The Consideration Shares were valued at $625,000 and the Warrants were valued at $498,552 and both recorded as an increase in intangible assets (see note 8).

BCCo is a private company formed under the laws of British Columbia, that creates, develops and publishes software related to mobile games and applications. BCCo is currently developing Modern Miner, a mobile game application that will connect the value of exploration to gaming, which it expects to release in the coming year.

The Company has extended its due diligence period on Countervail and has increased the demand note to $620,000 for game development. Countervail is a private gaming company developing games in the action sports sector.

The Company has entered into binding letter of intent (the "LOI") dated April 12, 2021, with Ludare Games Group Inc. ("Ludare Games") to acquire a forty percent (40%) interest of a mobile game project licensed with a major blockbuster movie franchise for release later this year (the "Acquisition"). As consideration for the Acquisition, the Company will issue 1,670,000 common shares in the capital of the Company to Ludare Games and make an investment in the amount of $300,000 into the project. Closing of the Acquisition is set to close on or about May 31, 2021, subject to completed due diligence and closing conditions.

SELECTED ANNUNAL FINANCIAL INFORMATION

The following table reflects the summary of annual results for the periods set out.

	2020	**2019**
Total revenue	$Nil	$Nil
Net loss	$149,263	$12,177
Net loss per share	$0.01	$0.00
Total assets	$1,536,395	$46,493
Long-term liabilities	$Nil	$Nil
Dividends per share	$Nil	$Nil

SUMMARY OF QUARTERLY REPORTS

Results for the past eight quarters for selected financial statement amounts are presented below. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Q4-2020 **$**	**Q3-2020** **$**	**Q2-2020** **$**	**Q1-2020** **$**
Total revenue	-	-	-	-
Net income (loss)	(95,614)	(55,479)	70,454	(68,624)
Basic & diluted loss per share	(0.01)	(0.00)	0.01	(0.01)

	Q4-2019 **$**	**Q3-2019** **$**	**Q2-2019** **$**	**Q1-2019** **$**
Total revenue	-	-	-	-
Net loss	241,491	(88,405)	(86,568)	(78,695)
Basic & diluted loss per share	0.026	(0.010)	(0.009)	(0.009)

OVERALL PERFORMANCE

Twelve Months ended December 31, 2020 and 2019

The Company incurred loss of $149,263 or $0.01 per share for the twelve-month period ended December 31, 2020 compared with a loss of $12,177 or $0.00 a share for the comparable period in 2019.

Consulting and management fees were $224,583 during the twelve-month period ended December 31, 2020 compared to $240,000 in the previous year.

General and administrative expenses during the twelve-month period ended December 31, 2020 was $25,783 compared to $23,222 in the twelve-month period ended December 31, 2019. This current level of expenses will continue in the future.

Professional fees decreased to $30,567 during the twelve-month period ended December 31, 2020 from $60,547 in the same period in 2019. The decrease is attributable to lower legal fees incurred for general corporate matters.

The Company recognized a gain of $166,325 during the twelve-month period ended December 31, 2020 (2019 - $nil) due to the reversal of trade payables and accrued liabilities having been in accounting records for over 2 years.

Foreign exchange loss for the twelve-month period ended December 31, 2020 was $1 compared to a loss of $640 in the same period in 2019.

The Company incurred a loss of $34,654 from the settlement of debts through the issuance of common shares during the year twelve-month period ended December 31, 2020 (2019 - $nil).

During the twelve-month period ended December 31, 2019, the Company earned other income of $12,232 (2020 - $nil) and recognized a gain of $300,000 from the write-off of loan payable (2019 - $nil).

Three Months ended December 31, 2020 and 2019

The Company incurred loss of $95,614 or $0.01 per share for the three-month period ended December 31, 2020 compared with an income of $241,491 or $0.03 a share for the comparable period in 2019.

Consulting and management fees were $44,583 during the three-month period ended December 31, 2020 compared to $60,000 in the previous year.

General and administrative expenses during the three-month period ended December 31, 2020 was $18,376 compared to a gain of $1,363 in the three-month period ended December 31, 2019. This current level of expenses will continue in the future.

Professional fees decreased to a gain of $1,996 during the three-month period ended December 31, 2020 from $9,632 in the same period in 2019. The decrease is attributable to lower legal fees incurred for general corporate matters and capitalization of certain legal fees relating to share issuances.

Foreign exchange gain for the three-month period ended December 31, 2020 was $3 compared to a loss of $74 in the same period in 2019.

The Company incurred a loss of $34,654 from the settlement of debts through the issuance of common shares during the year three-month period ended December 31, 2020 (2019 - $nil).

During the three-month period ended December 31, 2019, the Company earned other income of $12,232 (2020 - $nil) and recognized a gain of $300,000 from the write-off of loan payable (2019 - $nil).

Company Directors and Officers

As at the date of this report, the directors and officers of the Company were:

Chris Irwin	Chief Executive Officer and Director
Jon Gill	Director
Harrison Reynolds	Director
Sophia Tomory	Chief Financial Officer

On November 2, 2020, the Company announced the appointment of Harrison Reynolds to the board of directors, in lieu of Jordan Manzer who resigned from the board.

On December 23, 2020, the Company announced the appointment of Sophia Tomory as the Chief Financial Officer, in lieu of Arvin Ramos who has resigned.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the early stage of operations and requires additional capital to achieve its strategic objectives. As at December 31, 2020, the Company had working capital of $212,635 (December 31, 2019 – a deficiency of $625,280. Blocplay is currently not generating operating cash flows, and has significant cash requirements to continue its development of its video games and administrative overhead. In order to meet future expenditures and development costs, the Company will need to raise additional financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties represent significant risks to the Company's ability to continue as a going concern.

Management is exploring various financing alternatives, which includes equity and debt offerings.

During the year, the Company issued an aggregate of 7,700,000 common shares at a price of $0.10 each common share for gross of $770,000.

On December 22, 2020, the Company issued an aggregate of 827,272 common shares at a price of $0.11 per common shares for gross proceeds of $91,000.

Blocplay issued 5,000,000 common shares to acquire all of the issued and outstanding common shares of BCCo. At the time of issuance, the fair market value of the Company's stock price on the open market was $0.125 per common share. Therefore, the fair market value assigned to 5,000,000 common shares of the Company was $625,000.

On November 2, 2020, the Company issued an aggregate 1,155,140 common shares at a price of $0.13 per common shares to settle an aggregate of $115,514 indebtedness with arm's length and non-arm's length creditors. The Company incurred a loss of $34,654 on debt settlement.

On January 13, 2021, the Company issued 1,155,682 commons shares to settle $127,125 of indebtedness.

On January 20, 2021, the Company issued 2,141,450 common shares through non-brokered private placement financing at a price of $0.11 per common share for gross proceeds of $235,560.

On March 8, 2021, the Company closed a non-brokered private placement financing for gross proceeds of $563,948 through the issuance of 3,759,658 units in the capital of the Company (the "Units") at a price $0.15 per Unit. Each Unit is comprised is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20 per common share for a period of three years form the date of issuance.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has not had significant revenue from operations, the table below provides a breakdown of material components of expensed research and development costs, in accordance with Section 5.3 of National Instrument 51-102 – Continuous Disclosure Obligations:

	December 31, 2020	December 31, 2019
Operating expenses	**$ 280,933**	$ 323,769
Gain on reversal of trade payables	**166,325**	-
Loss on debt settlements	**34,654**	-
Loss on foreign exchange	**1**	640
Other income	**-**	12,232
Write-off of loan payable	**-**	300,000
Total assets	**1,546,395**	46,493
Total liabilities	**210,478**	671,773

Operating expenses	**December 31, 2020**	December 31, 2019
Consulting fees	**$ 224,583**	$ 240,000
Office and administrative expenses	**25,783**	23,222
Professional fees	**30,567**	60,547

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

(a) Capital Management:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued Common Shares, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

(b) Risk Disclosures and Fair Values:

The Company's financial instruments, consisting of cash. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

SHARE CAPITAL

As at the date of this report, the Company has the following issued and outstanding:

Common shares– issued and outstanding	31,388,123
Stock options – vested	3,450,000
Warrants	8,759,658

Effective June 24, 2020, the Company consolidated its common shares on the basis of one (1) new common share for every twenty (20) old common shares issued and outstanding at that time.

TRANSACTIONS WITH RELATED PARTIES

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

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

Year ended December 31,	2020	2019
	$	$
Short-term employee benefits	200,000	240,000
Total compensation to key management	**200,000**	**240,000**

Included in trade and other payables as at December 31, 2020 are amounts of $129,950 (2019 - $390,637) 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.

The Company has an amount of $105,417 in prepaid expenses to a company whose director is also a director of Blocplay.

During the year ended December 31, 2020, the Company issued 933,270 common shares to settle $93,327 of debt to current and former directors, resulting in a loss on the settlement of $27,998.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

LEGAL ISSUES

The Company was party to a statement of claim from a former officer with respect to wrongful dismissal, claiming they were owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. The company had previously accrued $75,000 as required anticipated payment on this claim. During the year ended December 31, 2020, this claim was settled for a total payment of $45,000 plus costs of $10,000.

RISKS AND UNCERTAINTIES

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company’s business operations. If any of the risks described below occur, the Company’s business, financial condition, liquidity and results of operations could be materially harmed.

Coronavirus (COVID-19)
On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The current COVID-19 pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of projects may be impacted as governments have declared a state of emergency or taken other actions. If the operation of the Company is suspended, it may have a material adverse impact on the Company’s profitability, results of

operations, and financial condition. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations and financial conditions. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Limited Operating History and Sales
The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's video games because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability
The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding
The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel
The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth
The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Competition
Competition in the gaming industry as it relates to video games is increasing. While the Company is targeting smaller niche sites with higher expected revenues per subscriber, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the markets that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof
The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse-engineering.

General Economic Trends
The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings
Substantially all of the Company's assets are located in Canada where intellectual property is generally enforced. Video gaming is global in nature, and the Company expects to have subscribers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries
The Company's primary revenues are expected to be achieved initially in North America. However, the Company may expand to markets outside of North America, and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance
The Company's ability to gain and increase market acceptance of its games depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on market research, product development, product testing, strategic relationships and marketing initiatives may be required.

Rapid Technological Change
The video gaming industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation
The Company will continue developing source code for its platform. Such source code and related products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner, and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage to its reputation and impair its ability to acquire new users. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects could lead to claims for liability or other claims involving costly litigation.

Risks Associated with Acquisitions
As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f)

the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks
A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Insurance Coverage
The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk
The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax* Act (the "**Tax Act**"). However, the Company will be operating in the video gaming space, a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions
Video gaming is a global phenomenon, and the Company anticipates that a significant user base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation, revenues from foreign operations could be adversely impacted.

Currency Fluctuations
Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations in the future. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company's revenue could be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results
The Company's quarterly operating results may fluctuate significantly in the future depending on factors such as the popularity of video games, the ability to attract users, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop new software, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company's expenses are based on expectations of future revenue and,

therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant user base, and the ability to monetize that user base, the inability to build and monetize the user base could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts
The Company's officers and directors may have certain interests and arrangements that are different from, or in addition to the Company's shareholders. Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

43 Church Street, Suite 500 + P.O. Box 1237 + St. Catharines, ON + L2R 7A7
phone 905.688.4842 fax 905.688.1746
www.jonesoconnell.ca

Independent Auditor's Report

To the Shareholders of Blocplay Entertainment Inc.

Opinion

We have audited the consolidated financial statements of **Blocplay Entertainment Inc.** ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Blocplay Entertainment Inc.** as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has accumulated losses of $8,072,545 (2018 - $9,857,868) and expects to incur future losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

St. Catharines, Ontario
April 27, 2020

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in Canadian dollars)

	December 31, 2019	December 31, 2018
	$	$
ASSETS		
Current		
Cash	**44,719**	17,673
GST receivable	**1,774**	55,870
	46,493	73,543
LIABILITIES AND EQUITY		
Current		
Trade payables (Note 12)	**364,773**	311,646
Accrued liabilities	**307,000**	75,000
Loan payable (Note 8)	**-**	300,000
Total current liabilities	**671,773**	686,646
Equity		
Share capital (Note 10)	**7,268,379**	7,268,379
Warrant reserve (Note 10)	**-**	1,797,500
Share based payment reserve (Notes 10, 11)	**178,886**	178,886
Deficit	**(8,072,545)**	(9,857,868)
	(625,280)	(613,103)
	46,493	73,543

Nature of operations (Note 1)
Going concern (Note 2)

On behalf of the Board of Directors on April 27, 2020:

(“signed”) Jon Gill, Director

(“signed”) Chris Irwin, Director

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	**$**
Operating expenses		
Consulting and management fees (Note 12)	**240,000**	1,551,060
General and administrative	**23,222**	359,821
Professional fees	**60,547**	236,445
Sales and marketing	**-**	164,824
Share based payment expense (Note 11)	**-**	307,506
	323,769	2,619,656
Other items		
Other income	**(12,232)**	-
Write-off of loan payable (Note 8)	**(300,000)**	-
Loss on foreign exchange	**640**	5,284
Unverifiable expenses (Note 14)	**-**	294,312
Write-down of intangibles (Note 7)	**-**	815,546
Reversal of trade payables and accrued liabilities	**-**	(462,211)
Gain on debt settlements	**-**	(153,889)
	(311,592)	499,042
Net loss and comprehensive loss	**(12,177)**	(3,118,698)
Loss per share - basic and diluted	(0.00)	(0.017)
Weighted average number of common shares outstanding - basic and diluted	182,979,152	179,931,346

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Shares Issued						
	Number of Shares	Amount	Equity Reserve	Warrant Reserve	Share-based Payment Reserve	Deficit	Total
		$	$	$	$	$	$
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 11)	250,000	44,152	-	-	(17,497)	-	26,655
Exercise of warrants (Note 10)	1,184,213	124,490	-	(16,069)	-	-	108,421
Shares issued for conversion of debentures (Note 9)	2,016,591	106,435	(7,009)	-	-	-	99,426
Shares issued on debt settlements (Note 10)	7,191,981	539,399	-	-	-	-	539,399
Share-based payments (Note 11)	-	-	-	-	307,506	-	307,506
Expiry of warrants (Note 10)	-	-	-	(103,065)	-	103,065	-
Expiry of options (Note 11)	-	-	-	-	(541,720)	541,720	-
Net loss for the year	-	-	-	-	-	(3,118,698)	(3,118,698)
Balance, December 31, 2018	**182,979,152**	**7,268,379**	**-**	**1,797,500**	**178,886**	**(9,857,868)**	**(613,103)**
Expiry of warrants (Note 10)	-	-	-	(1,797,500)	-	1,797,500	-
Net loss for the year	-	-	-	-	-	(12,177)	(12,177)
Balance, December 31, 2019	**182,979,152**	**7,268,379**	**-**	**-**	**178,886**	**(8,072,545)**	**(625,280)**

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Operating activities		
Loss for the year	**(12,177)**	(3,118,698)
Adjustments to reconcile net loss to cash used in operating activities:		
Reversal of loan payable	**(300,000)**	-
Write-down of intangibles	**-**	815,546
Reversal of trade payables and accrued liabilities	**-**	(462,211)
Share-based payments	**-**	307,506
Gain on settlement of debts	**-**	(153,889)
Changes in non-cash working capital:		
GST receivable	**54,096**	(31,749)
Prepaid expenses	**-**	4,579
Trade payables and accrued liabilities	**285,127**	(44,634)
Cash provided from (used in) operating activities	**27,046**	(2,683,550)
Investing activities		
Testing revenue	**-**	1,403
Cash provided from (used in) investing activities	**-**	1,403
Financing activities		
Share issue costs	**-**	(2,500)
Exercise of warrants	**-**	108,421
Exercise of options	**-**	26,655
Cash provided from financing activities	**-**	132,576
Increase (decrease) in cash	**27,046**	(2,549,571)
Cash, beginning of year	**17,673**	2,567,244
Cash, end of year	**44,719**	17,673

The accompanying notes are an integral part of these consolidated 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 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, Canada. The Company's shares trade on the Canadian Securities Exchange under the symbol "PLAY".

2. GOING CONCERN

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company has a net loss for the year ended December 31, 2019 of $12,177 (2018 - $3,118,698). The Company's cumulative deficit was $8,072,545 as of December 31, 2019 (2018 - $9,857,868). As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. During the year ended December 31, 2019, the Company did not raise any capital (2018 - $132,576) through the issuance of common shares (2018 - 1,434,213 common shares); and 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on April 27, 2020.

3.2 Basis of consolidation

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

3. BASIS OF PREPARATION (continued)

3.3 Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3.4 Use of management estimates, judgments and measurement uncertainty

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

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.

3.5 Change in accounting policy

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The adoption of this new standard did not have any impact on the Company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

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

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 assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial assets and liabilities (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVOCI.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss and when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial assets and liabilities (continued)

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

4.6 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.

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 year.

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 December 31, 2019 and 2018, 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 December 31, 2019 and 2018 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.

(Expressed in Canadian dollars)

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. INTANGIBLE ASSETS

	Heavy Gear Development	Sabotage License	Bit Raider License	TokenPlay.co m	Total
	$	$	$	$	$
Cost					
As at December 31, 2017	**516,771**	**274,178**	**-**	**26,000**	**816,949**
Testing revenue	(1,403)	-	-	-	(1,403)
Write-down	(515,368)	(274,178)	-	(26,000)	(815,546)
As at December 31, 2019 and 2018	**-**	**-**	**-**	**-**	**-**

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.

As at December 31, 2018, the Company wrote down its intangibles to $nil. The Company has decided to perform this write down given the current financial position of the Company as well as the legal issues surrounding its intellectual property. Such legal issues pertain to a claim served by the Company against two parties who have misappropriated the Company’s intellectual property that was created during their tenure with the Company. The outcome of this claim is currently not determinable.

8. 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. The balance payable to CMF at December 31, 2019 was $nil (2018 - $300,000) and is non-interest bearing. As at December 31, 2019, the Company wrote-off this loan as the project relating to this loan has been terminated.

9. 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.

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 10).

(Expressed in Canadian dollars)

9. CONVERTIBLE DEBENTURES (continued)

During to year ended December 31, 2018, the outstanding balance of convertible debentures of $99,426 (principal plus interest) was converted into 2,016,591 common shares.

	2019	2018
	$	$
Balance, beginning	**-**	99,426
Amount converted to common shares	**-**	(99,426)
Balance, ending	-	-

10. SHARE CAPITAL

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	**Amount ($)**
Balance December 31, 2018		
Common shares issued	182,979,152	7,268,379
Balance December 31, 2019		
Common shares issued	182,979,152	7,268,379

During the year ended December 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. The Company issued 250,000 common shares for options exercised at $0.11 for proceeds of $26,655. In addition, the Company issued 7,191,981 common shares to settle $539,399 of debt.

b) Warrants:

	Number of Warrants	**Weighted Average Exercise Price**
		$
Balance, December 31, 2017	**64,832,669**	**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
Warrants expired	(1,200,000)	0.05
Warrants expired	(1,105,836)	0.10
Balance, December 31, 2018	**61,217,620**	**0.10**
Warrants expired	**(61,217,620)**	**0.10**
Balance, December 31, 2019	**-**	**-**

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

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.

11. 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, 2017	**7,056,272**	**0.09**
Options granted	1,900,000	0.10
Options exercised	(250,000)	0.05
Options expired	(5,706,272)	0.09
Balance December 31, 2019 and 2018	**3,000,000**	**0.05**

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.

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.

For the year ended December 31, 2018, the Company recognized share based payment expense of $307,506 (2017 - $41,614).

(Expressed in Canadian dollars)

11. STOCK OPTIONS (continued)

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

	December 31, 2018	**December 31, 2017**
Expected life	5 years	2 years
Expected volatility	160.53% - 242.17%	100%
Risk-free interest rate	1.99% - 2.00 %	1.44 %
Dividend yield	Nil	Nil
Underlying share price	$0.05 - $0.12	$0.18
Exercise price	$0.10	$0.20
Vesting	immediately after grant	¼ each quarter

12. RELATED PARTIES AND KEY MANAGEMENT

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

	2019	2018
	$	$
Short-term employee benefits	240,000	931,312
Total compensation to key management	240,000	931,312

Included in trade and other payables as at December 31, 2019 are amounts of $390,637 (2018 - $172,740) 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.

During the year ended December 31, 2018, the Company issued 7,191,981 common shares to settle $693,288 of debt to current directors, resulting in a gain on settlement of $153,889.

13. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2018	2018
	$	$
Net loss	**(12,177)**	(3,118,698)
Statutory tax rate	**26%**	26%
Expected income tax recovery	**(3,277)**	(826,455)
Non-deductible items and other	**-**	81,489
Temporary differences not recognized	**3,277**	744,966
Income tax recovery	**-**	-

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

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

	2019	2018
	$	$
Non-capital losses	**5,625,142**	5,529,900
Share issuance costs	**166,129**	249,194
	5,791,271	5,779,094

The Canadian non-capital losses carried forward will expire between 2034 and 2039. Share issue and financing costs will be fully amortized in 2021.

14. UNVERIFIABLE EXPENSES

On September 28, 2018, a new board of directors was elected, who then appointed a new management team. The new board and management team subsequently undertook a review of assets and financial position of the Company. During the review, management identified $294,312 of payments made to former officers and consultants, for which documentation could not be located to support the business purpose or such payments. Management is currently assessing its position with respect to such payments and whether legal recourse options are available to recoup any of such payments.

15. ITEMS UNDER DISPUTE AND LEGAL CLAIM

Items under dispute

During the year ended December 31, 2018, the Company has received $479,457 of vendor invoices with respect to consulting and management fees, which are currently under dispute. It is management's position that either such services were never received or the amounts charged for such services in relation to the level of services received is not reasonable. As such, these vendor invoices have not been recognized as expenses for the year ended December 31, 2018 as management does not intent to pay such amounts. There is a potential that such vendors may seek legal action against the Company for failure to pay these disputed invoices. It is management's belief that they would be able to legally defend any such claims against the Company. However, the outcomes as to whether there would be any legal requirement for the Company to pay such amounts is currently not determinable.

15. ITEMS UNDER DISPUTE AND LEGAL CLAIM (continued)

Legal claim

The Company has received a statement of claim from a former officer with respect to wrongful dismissal, claiming they are owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. Management believes it is possible they will be held liable for the payment of outstanding fees and have accrued a reserve for $75,000 for the potential payout of such amount. Management, however, believes that they will be able to successfully defend the claim with respect to damages and costs and as such have not setup any reserves with respect to such amounts. The outcome of this claim is currently not determinable.

BLOCPLAY
ENTERTAINMENT

Management's Discussion and Analysis of
Financial Condition and Results of Operations

December 31, 2019

Management's discussion and analysis (MD&A) is current to April 28, 2020 and is management's assessment of the operations and the financial results together with future prospects of Blocplay Entertainment Inc. (formerly Stompy Bot Corporation) ("Blocplay", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the years ended December 31, 2019 and 2018 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise.

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

BUSINESS OVERVIEW AND CORPORATE UPDATE

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 shares trade on the Canadian Securities Exchange under the symbol "PLAY".

Business Goals

The management is currently reviewing business technology to ascertain if the technology is a viable business.

Development Strategy and Outlook

The Company is a developer of platforms and video game publisher. The Company provides technical support, guidance and marketing support to assist independent video game developers to develop and publish video games and platforms. Management has been focused primarily in reviewing the technology of the Company.

SELCETED ANNUAL FINANCIAL INFORMATION

The following table reflects the summary of annual results for the periods set out.

	2019	2018	2017
Total revenue	$Nil	$Nil	$Nil
Net loss	$12,177	$3,118,698	$4,472,797
Net loss per share	$0.00	$0.017	$0.061
Total assets	$46,493	$73,543	$3,412,893
Long-term liabilities	$Nil	$Nil	$Nil
Dividends per share	$Nil	$Nil	$Nil

SUMMARY OF QUARTERLY REPORTS

Results for the past eight quarters for selected financial statement amounts are presented below. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Q4-2019 $	Q3-2019 $	Q2-2019 $	Q1-2019 $
Total revenue	-	-	-	-
Net income (loss)	241,491	(88,405)	(86,568)	(78,695)
Basic & diluted loss per share	0.0001	(0.001)	(0.000)	(0.000)

	Q4-2018 $	Q3-2018 $	Q2-2018 $	Q1-2018 $
Total revenue	-	-	(882)	882
Net loss	(252,519)	(1,394,356)	(746,363)	(725,460)
Basic & diluted loss per share	(0.001)	(0.008)	(0.004)	(0.004)

OVERALL PERFORMANCE

Twelve Months ended December 31, 2019 and 2018

The Company incurred net loss of $12,117 or $0.000 per share for the twelve month period ended December 31, 2019 compared with a net loss of $3,118,698 or $0.017 a share for the comparable period in 2018.

Consulting and management fees were $240,000 during the twelve month period ended December 31, 2019 compared to $1,551,060. The significant decrease is due to fewer management and consultants in the current year. The Company does not have any consultants working on any projects as projects have been put on hold.

General and administrative expenses decreased by $336,599 to $23,222 in 2019 compared to $359,821 in 2018. The decrease is attributable to the change of management that happened in the late September 2018 – all previous officers and consultants were terminated when the change of management happened.

Professional fees decreased from $236,445 in 2018 to $60,547 in 2019. The decrease can be attributed to lower legal fees.

Sales and marketing expenses significantly decreased in 2019 to $nil compared to $164,824 in 2018. There were no such expenses incurred during the current period as the Company's projects were on hold.

There were no share based payment expense during year ended December 31, 2019 compared to $307,506 in the same period of 2018.

The Company recognized a gain of $300,000 during the year ended December 31, 2019 due to the write-off of loan payable. the Company wrote-off this payable as the project relating to this loan has been terminated.

During the year ended December 31, 2019, the Company earned $12,232 (2018 - $nil) as other income.

Foreign exchange loss for the twelve month period ended December 31, 2019 was $640 compared to $5,284 in the same period in 2018.

During the twelve month period ended December 31, 2018, the Company recognized that there were payments made by the previous management that cannot be verified due to the lack of supporting documentation. The aggregate amount of these unverified expenses is $294,312 (2017 - $nil).

Due to the legal issues surrounding the intellectual property, the Company wrote down its intangibles to $nil and realized a loss of $815,546 during the twelve month period ended December 31, 2018.

The Company recognized a gain of $462,211 during the year ended December 31, 2018 due to the reversal of trade payables and accrued liabilities having been in the accounting records for over 2 years.

During the twelve month period ended December 31, 2018, the Company realized gain of $153,889 from debt settlements.

Three Months ended December 31, 2019 and 2018

The Company incurred net income of $241,491 or $0.001 per share for the three month period ended December 31, 2019 compared with a net loss of $252,519 or $0.001 a share for the comparable period in 2018.

Consulting and management fees were $60,000 during the three month period ended December 31, 2019 compared to a gain due to reversal of $550,859. The significant amount of reversal in 2018 was due to reclassification of some amounts to unverifiable expense and reversal of trade payables and accrued liabilities accounts.

General and administrative expenses were comparable in both period - $1,363 in 2019 compared to $1,415 in 2018. Management expects to maintain this level of expenses.

Professional fees decreased to $9,632 in 2019 from $53,911 in 2018. The decrease is attributable to lower legal fees incurred for general corporate matters.

Sales and marketing expenses significantly decreased in 2019 to $nil (2018 - $80,804). There were no such expenses incurred during the current period as the Company's projects were on hold.

The Company recognized a gain of $300,000 during the three month period ended December 31, 2019 due to the write-off of loan payable. the Company wrote-off this payable as the project relating to this loan has been terminated.

During the three month period ended December 31, 2019, the Company earned $12,232 (2018 - $nil) as other income.

Foreign exchange loss for the three month period ended December 31, 2019 was $74 compared to a gain of $2,069 in the same period in 2018.

During the three month period ended December 31, 2018, the Company recognized that there were payments made by the previous management that cannot be verified due to the lack of supporting documentation. The aggregate amount of these unverified expenses is $294,312.

Due to the legal issues surrounding the intellectual property, the Company wrote downs its intangibles to $nil and realized a loss of $815,546 during the three month period ended December 31, 2018.

The Company recognized a gain of $462,211 during the three month period ended December 31, 2018 due to the reversal of trade payables and accrued liabilities having been in the accounting records for over 2 years.

Due to minor adjustments, the Company recorded a decrease of $21,671 in the gain on debt settlements during the three month period ended December 31, 2018.

Company Directors and Officers

As at the date of this report, the directors and officers of the Company were:

Chris Irwin	Chief Executive Officer and Director
Jon Gill	Director
Jordan Manzer	Director
Arvin Ramos	Chief Financial Officer

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the early stage of operations and requires additional capital to achieve its strategic objectives. As at December 31, 2019, the Company had working capital deficiency of $625,280 (December 31, 2018 - $613,103). As at the date of this report, the Company had negative working capital of approximately $700,000. BlocPlay is currently not generating operating cash flows, and has significant cash requirements to continue its development of its video games and administrative overhead. In order to meet future expenditures and development costs, the Company will need to raise additional financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties represent significant risks to the Company’s ability to continue as a going concern.

Management is exploring various financing alternatives, which includes equity and debt offerings.

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

(a) Capital Management:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued Common Shares, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

(b) Risk Disclosures and Fair Values:

The Company's financial instruments, consisting of cash. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

SHARE CAPITAL

As at the date of this report, the Company has the following issued and outstanding:

Common shares– issued and outstanding	182,979,152
Stock options – vested	3,000,000
Warrants	-

TRANSACTIONS WITH RELATED PARTIES

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

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:

	2019	2018
	$	$
Short-term employee benefits	240,000	931,312
Total compensation to key management	**240,000**	**931,312**

Included in trade and other payables as at December 31, 2019 are amounts of $390,637 (2018 - $172,740) 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Critical Accounting Policies:

The Company's critical accounting policies are as follows:

Calculation of share-based payments

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

Capitalization of intangible assets

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

Accounting Changes

Effective January 1, 2019, the Company adopted IFRS 16 – Leases. The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The Company assessed that the new standard does not have any impact on the Company's financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ITEMS UNDER DISPUTE

During the year ended December 31, 2018, the Company has received $479,457 of vendor invoices with respect to consulting and management fees, which are currently under dispute. It is management's position that either such services were never received or the amounts charged for such services in relation to the level of services received is not reasonable. As such, these vendor invoices have not been recognized as expenses for the year ended December 31, 2018 as management does not intent to pay such amounts. There is a potential that such vendors may seek legal action against the Company for failure to pay these disputed invoices. It is management's belief that they would be able to legally defend any such claims against the Company. However, the outcomes as to whether there would be any legal requirement for the Company to pay such amounts is currently not determinable.

LEGAL ISSUES

The Company has received a statement of claim from a former officer with respect to wrongful dismissal, claiming they are owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. Management believes it is possible they will be held liable for the payment of outstanding fees and have accrued a reserve for $75,000 for the potential payout of such amount. Management, however, believes that they will be able to successfully defend the claim with respect to damages and costs and as such have not setup any reserves with respect to such amounts. The outcome of this claim is currently not determinable.

As at December 31, 2018, the Company wrote down its intangibles to $nil. The Company has decided to perform this write down given the current financial position of the Company as well as the legal issues surrounding its intellectual property. Such legal issues pertain to a claim served by the Company against two individuals who have misappropriated the Company's intellectual property that was created during their tenure with the Company. The outcome of this claim is currently not determinable.

RISKS AND UNCERTAINTIES

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of the risks described below occur, the Company's business, financial condition, liquidity and results of operations could be materially harmed.

Limited Operating History and Sales
The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's video games because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability
The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Competition

Competition in the gaming industry as it relates to video games is increasing. While the Company is targeting smaller niche sites with higher expected revenues per subscriber, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the markets that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof

The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse-engineering.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings

Substantially all of the Company's assets are located in Canada where intellectual property is generally enforced. Video gaming is global in nature, and the Company expects to have subscribers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries

The Company's primary revenues are expected to be achieved initially in North America. However, the Company may expand to markets outside of North America, and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance

The Company's ability to gain and increase market acceptance of its games depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on market research, product development, product testing, strategic relationships and marketing initiatives may be required.

Rapid Technological Change
The video gaming industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation
The Company will continue developing source code for its platform. Such source code and related products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner, and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage to its reputation and impair its ability to acquire new users. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects could lead to claims for liability or other claims involving costly litigation.

Risks Associated with Acquisitions
As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks
A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Insurance Coverage
The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk
The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax* Act (the "**Tax Act**"). However, the Company will be operating in the video gaming space, a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions

Video gaming is a global phenomenon, and the Company anticipates that a significant user base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation, revenues from foreign operations could be adversely impacted.

Currency Fluctuations

Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations in the future. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company’s revenue could be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company’s business, financial condition and operating results. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results

The Company’s quarterly operating results may fluctuate significantly in the future depending on factors such as the popularity of video games, the ability to attract users, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop new software, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company’s expenses are based on expectations of future revenue and, therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant user base, and the ability to monetize that user base, the inability to build and monetize the user base could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts

The Company’s officers and directors may have certain interests and arrangements that are different from, or in addition to the Company’s shareholders. Executive officers and directors may have rights to indemnification including directors’ and officers’ liability insurance that will survive consummation of their agreements.

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

JONES & O'CONNELL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

43 CHURCH ST., SUITE 500, P.O. BOX 1237
ST. CATHARINES, ON L2R 7A7
PHONE: (905) 688-4842 • FAX: (905) 688-1746

Independent Auditor's Report

To the Shareholders of Blocplay Entertainment Inc.

Opinion

We have audited the consolidated financial statements of **Blocplay Entertainment Inc.** ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Blocplay Entertainment Inc.** as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has accumulated losses of $9,857,658 (2017 - $7,383,955) and expects to incur future losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of **Blocplay Entertainment Inc.** for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on April 19, 2018.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

St. Catharines, Ontario
June 28, 2019

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

	December 31, 2018	December 31, 2017
	$	$
ASSETS		
Current		
Cash	**17,673**	2,567,244
GST receivable	**55,870**	24,121
Prepaid expenses	**-**	4,579
Total current assets	**73,543**	2,595,944
Non-current		
Intangibles (Note 8)	**-**	816,949
	73,543	3,412,893
LIABILITIES AND EQUITY		
Current		
Trade payables (Note 14)	**311,646**	1,279,142
Accrued liabilities	**75,000**	307,637
Loan payable (Note 9)	**300,000**	300,000
Convertible debentures (Note 10)	**-**	99,426
Total current liabilities	**686,646**	1,986,205
Equity		
Share capital (Note 11)	**7,268,379**	6,456,403
Equity reserve (Notes 10, 11)	**-**	7,009
Warrant reserve (Note 11)	**1,797,500**	1,916,634
Share based payment reserve (Notes 11, 12)	**178,886**	430,597
Deficit	**(9,857,868)**	(7,383,955)
	(613,103)	1,426,688
	73,543	3,412,893

Nature of operations (Note 1)
Going concern (Note 2)

On behalf of the Board of Directors on June 28, 2019:

(“signed”)	(“signed”)
Jon Gill	Chris Irwin
Director	Director

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Operating expenses		
Consulting and management fees (Note 14)	**1,551,060**	225,302
General and administrative	**359,821**	54,910
Professional fees	**236,445**	154,748
Royalty expense (Note 7)	**-**	11,092
Sales and marketing	**164,824**	30,438
Share based payment expense (Note 12)	**307,506**	41,614
Technology acquisition expense (Note 13)	**-**	3,078,589
	2,619,656	3,596,693
Other items		
Unverifiable expenses (Note 16)	**294,312**	-
Write-down of intangibles (Note 8)	**815,546**	-
Reversal of trade payables and accrued liabilities	**(462,211)**	-
Gain on debt settlements	**(153,889)**	-
Interest on convertible debentures (Note 10)	**-**	54,075
Write-off of advance royalties (Note 7)	**-**	819,329
Loss on foreign exchange	**5,284**	2,700
	499,042	876,104
Net loss and comprehensive loss	**(3,118,698)**	(4,472,797)
Loss per share - basic and diluted	(0.017)	(0.061)
Weighted average number of common shares outstanding - basic and diluted	179,931,346	73,655,448

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Shares Issued						
	Number of Shares	Amount	Equity Reserve	Warrant Reserve	Share-based Payment Reserve	Deficit	Total
		$	$	$	$	$	$
Balance, December 31, 2016	**67,284,208**	**2,772,517**	**14,494**	**117,680**	**403,890**	**(2,911,158)**	**397,423**
Acquisition of TokenPlay (Note 13)	60,399,982	3,019,999	-	341,634	-	-	3,361,633
Shares issued for cash, net (Note 11)	40,333,333	386,323	-	1,476,931	-	-	1,863,254
Convertible debentures (Notes 10)	-	-	4,110	1,467	-	-	5,577
Shares issued for conversion of debentures (Note 10)	3,588,012	190,996	(11,595)	-	-	-	179,401
Exercise of warrants (Note 11)	480,832	61,161	-	(21,078)	-	-	40,083
Exercise of options/founders options paid (Note 11)	250,000	25,407	-	-	(14,907)	-	10,500
Share based payments (Note 12)	-	-	-	-	41,614	-	41,614
Net loss for the year	-	-	-	-	-	(4,472,797)	(4,472,797)
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	44,152	-	-	(17,497)	-	26,655
Exercise of warrants (Note 11)	1,184,213	124,490	-	(16,069)	-	-	108,421
Shares issued for conversion of debentures (Note 10)	2,016,591	106,435	(7,009)	-	-	-	99,426
Shares issued on debt settlements (Note 11)	7,191,981	539,399	-	-	-	-	539,399
Share-based payments (Note 12)	-	-	-	-	307,506	-	307,506
Expiry of warrants (Note 11)	-	-	-	(103,065)	-	103,065	-
Expiry of options (Note 12)	-	-	-	-	(541,720)	541,720	-
Net loss for the year	-	-	-	-	-	(3,118,698)	(3,118,698)
Balance, December 31, 2018	**182,979,152**	**7,268,379**	**-**	**1,797,500**	**178,886**	**(9,857,868)**	**(613,103)**

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Operating activities		
Loss for the year	**(3,118,698)**	(4,472,797)
Adjustments to reconcile net loss to cash used in operating activities:		
Write-down of intangibles	**815,546**	-
Reversal of trade payables and accrued liabilities	**(462,211)**	-
Share-based payments	**307,506**	3,120,203
Gain on settlement of debts	**(153,889)**	-
Accrued interest on convertible debentures	**-**	54,075
Royalty expense	**-**	7,628
Development expense	**-**	1,853
Write-off of advance royalty	**-**	819,329
Changes in non-cash working capital:		
GST receivable	**(31,749)**	338
Prepaid expenses	**4,579**	27,296
Trade payables and accrued liabilities	**(44,634)**	533,510
Cash provided from (used in) operating activities	**(2,683,550)**	91,435
Investing activities		
Testing revenue	**1,403**	-
Purchase of intangible assets	**-**	(339,457)
Acquisition of TokenPlay	**-**	523,937
Cash provided from (used in) investing activities	**1,403**	184,480
Financing activities		
Share issue costs	**(2,500)**	-
Issuance of capital stock, net	**-**	1,863,254
Issuance of convertible debentures, net	**-**	50,000
CMF funding loan payable	**-**	60,000
Exercise of warrants	**108,421**	40,083
Exercise of options	**26,655**	10,500
Cash provided from financing activities	**132,576**	2,023,837
Increase (decrease) in cash	**(2,549,571)**	2,299,752
Cash, beginning of year	**2,567,244**	267,492
Cash, end of year	**17,673**	2,567,244

The accompanying notes are an integral part of these consolidated 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 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, Canada. The Company's shares trade on the Canadian Securities Exchange under the symbol "PLAY".

2. GOING CONCERN

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company has a net loss for the year ended December 31, 2018 of $3,118,698 (2017 - $4,472,797). The Company's cumulative deficit was $9,857,868 as of December 31, 2018 (2017 - $7,383,955). As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. During the year ended December 31, 2018, the Company raised gross proceeds of $132,576 (2017 - $2,020,000) through the issuance of 1,434,213 common shares (2017 - 40,333,333 common shares); 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on June 28, 2019.

3.2 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, TokenPlay Inc ("TokenPlay"), which was acquired on December 22, 2017 (Note 13). All inter-company transactions and balances have been eliminated upon consolidation.

3. BASIS OF PREPARATION (continued)

3.3 Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3.4 Use of management estimates, judgments and measurement uncertainty

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

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.

3.5 New and revised standards

New standards and interpretations to be adopted in future periods

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

(Expressed in Canadian dollars)

3. BASIS OF PREPARATION (continued)

3.5 New and revised standards (continued)

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.

3.6 Changes in accounting policy

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively. There were no changes to balances reported for the previous year ended December 31, 2017.

IFRS 9, Financial Instruments

IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost

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

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 assets and liabilities

Accounting policy under IFRS 9 applicable from January 1, 2018.

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial assets and liabilities (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVOCI.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss and when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial assets and liabilities (continued)

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

4.6 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.

4.7 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.

5. CAPITAL MANAGEMENT (continued)

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 year.

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 December 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 December 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.

6. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

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.

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. There were no advanced royalty net of any royalties applied during the year ended December 31, 2018 and 2017 (Note 14).

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 December 31, 2018 and 2017 was $nil. During the year ended December 31, 2017, the license was renewed for an additional 5 years.

(Expressed in Canadian dollars)

8. 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 13)	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**
Testing revenue	(1,403)	-	-	-	(1,403)
Write-down	(515,368)	(274,178)	-	(26,000)	(815,546)
As at December 31, 2018	**-**	**-**	**-**	**-**	**-**

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.

As at December 31, 2018, the Company wrote down its intangibles to $nil. The Company has decided to perform this write down given the current financial position of the Company as well as the legal issues surrounding its intellectual property. Such legal issues pertain to a claim served by the Company against two parties who have misappropriated the Company's intellectual property that was created during their tenure with the Company. The outcome of this claim is currently not determinable.

9. 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. The balance payable to CMF at December 31, 2018 was $300,000 (2017 - $300,000) and is non-interest bearing.

(Expressed in Canadian dollars)

10. 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.

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 11).

During to year ended December 31, 2018, the outstanding balance of convertible debentures of $99,426 (principal plus interest) was converted into 2,016,591 common shares.

	2018	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

(Expressed in Canadian dollars)

11. SHARE CAPITAL

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	Amount ($)
Balance December 31, 2017		
Common shares issued	172,336,367	6,456,403
Balance December 31, 2018		
Common shares issued	182,979,152	7,268,379

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 13).

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 year ended December 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. The Company issued 250,000 common shares for options exercised at $0.11 for proceeds of $26,655. In addition, the Company issued 7,191,981 common shares to settle $539,399 of debt.

(Expressed in Canadian dollars)

11. 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	**64,832,669**	**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
Warrants expired	(1,200,000)	0.05
Warrants expired	(1,105,836)	0.10
Balance, December 31, 2018	**61,217,620**	**0.10**

Warrants to acquire common shares outstanding were as follows:

Issuance Date	Number of Warrants	Weighted Average Exercise Price	Expiry Dates
		$	
March 31, 2017	400,000	0.05	March 31, 2019
November 28, 2017	39,472,364	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
	61,217,623	**0.10**	

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

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

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

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.

12. STOCK OPTIONS

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

	Number of 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	1,900,000	0.10
Options exercised	(250,000)	0.05
Options expired	(5,706,272)	0.09
Balance December 31, 2018	**3,000,000**	**0.05**

The following table provides additional information about outstanding stock options at December 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
September 2, 2016	3,000,000	7.68	$0.050	3,000,000	$0.050
	3,000,000	**7.68**	**$0.050**	**3,000,000**	**$0.050**

(Expressed in Canadian dollars)

12. STOCK OPTIONS (continued)

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.

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.

For the year ended December 31, 2018, the Company recognized share based payment expense of $307,506 (2017 - $41,614).

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

	December 31, 2018	December 31, 2017
Expected life	5 years	2 years
Expected volatility	160.53% - 242.17%	100%
Risk-free interest rate	1.99% - 2.00 %	1.44 %
Dividend yield	Nil	Nil
Underlying share price	$0.05 - $0.12	$0.18
Exercise price	$0.10	$0.20
Vesting	immediately after grant	¼ each quarter

13. 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 11). 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 11).

(Expressed in Canadian dollars)

13. ACQUISITION (continued)

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.

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 8)	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%

(Expressed in Canadian dollars)

14. RELATED PARTIES AND KEY MANAGEMENT

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

	2018	2017
	$	$
Short-term employee benefits	931,312	243,717
Total compensation to key management	931,312	243,717

Included in trade and other payables as at December 31, 2018 are amounts of $172,740 (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.

The company issued 7,191,981 common shares to settle $693,288 of debt to current directors, resulting in a gain on settlement of $153,889.

15. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2018	2017
	$	$
Net loss	**(3,118,698)**	(4,472,797)
Statutory tax rate	**26%**	26%
Expected income tax recovery	**(826,455)**	(1,162,927)
Non-deductible items and other	**81,489**	749,384
Effect of changes in tax rates	**-**	58,975
Temporary differences not recognized	**744,966**	354,568
Income tax recovery	**-**	-

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

	2018	2017
	$	$
Non-capital losses	**5,529,900**	3,617,319
Share issuance costs	**249,194**	332,259
	5,779,094	3,949,578

The Canadian non-capital losses carried forward will expire between 2034 and 2038. Share issue and financing costs will be fully amortized in 2021.

16. UNVERIFIABLE EXPENSES

On September 28, 2018, a new board of directors was elected, who then appointed a new management team. The new board and management team subsequently undertook a review of assets and financial position of the Company. During the review, management identified $294,312 of payments made to former officers and consultants, for which documentation could not be located to support the business purpose or such payments. Management is currently assessing its position with respect to such payments and whether legal recourse options are available to recoup any of such payments.

17. ITEMS UNDER DISPUTE AND LEGAL CLAIM

Items under dispute

The Company has received $479,457 of vendor invoices with respect to consulting and management fees, which are currently under dispute. It is management's position that either such services were never received or the amounts charged for such services in relation to the level of services received is not reasonable. As such, these vendor invoices have not been recognized as expenses for the year ended December 31, 2018 as management does not intent to pay such amounts. There is a potential that such vendors may seek legal action against the Company for failure to pay these disputed invoices. It is management's belief that they would be able to legally defend any such claims against the Company. However, the outcomes as to whether there would be any legal requirement for the Company to pay such amounts is currently not determinable.

Legal claim

The Company has received a statement of claim from a former officer with respect to wrongful dismissal, claiming they are owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. Management believes it is possible they will be held liable for the payment of outstanding fees and have accrued a reserve for $75,000 for the potential payout of such amount. Management, however, believes that they will be able to successfully defend the claim with respect to damages and costs and as such have not setup any reserves with respect to such amounts. The outcome of this claim is currently not determinable.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

December 31, 2018

Management's discussion and analysis (MD&A) is current to June 28, 2019 and is management's assessment of the operations and the financial results together with future prospects of Blocplay Entertainment Inc. (formerly Stompy Bot Corporation) ("Blocplay", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the years ended December 31, 2018 and 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise.

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

BUSINESS OVERVIEW AND CORPORATE UPDATE

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 shares trade on the Canadian Securities Exchange under the symbol "PLAY".

In December 2017, the Company acquired Token Play Inc. ("Token Play"), a technology company involved in the development of blockchain technology in the video game space to develop a platform for the exchange of in-game currencies and tokens.

On February 1, 2018, the Company changed its name to "Blocplay Entertainment Inc.", in order to better reflect its business after the acquisition of Token Play.

On September 27, 2018, at the annual and special meeting of the shareholders of the Company, a dissident group of shareholders voted in new slate of directors of the Company. The new directors undertook to review the business of the Company with a view to assessing the Company's prospects.

Business Goals

The management is currently reviewing business technology to ascertain if the technology is a viable business.

Development Strategy and Outlook

The Company is a developer of platforms and video game publisher. The Company provides technical support, guidance and marketing support to assist independent video game developers to develop and publish video games and platforms. The video games published by the Company can be played by consumers on a variety of platforms, including: personal computers, mobile and console platforms and the Internet. Since September 2018, the newly appointed management of the Company has been focused primarily in reviewing the technology of the Company.

Product Development Strategy

The Company invested in four video game projects: Heavy Gear Assault; Sabotage; Armored Cock; and Locke & Key. Since September 2018, no development has occurred with respect to the Company's video game projects.

Heavy Gear Assault – Heavy Gear Assault was first published by Dream Pod 9 ("DP9"), a Montreal-based games publisher, in 1994. On August 1, 2012, Stompy Bot Productions Limited licensed the Heavy Gear video game from Dream Pod 9. Heavy Gear Assault is a fast paced first person simulator where the player controls war machines called Gears via their in-game pilot characters. Heavy Gear Assault was launched on Steam, a digital distribution platform, on February 10, 2017. Revenue for the fiscal year-ended 2017 and year-ended 2018 since the release of Heavy Gear Assault were $15,500 and $1,403, respectively. The Company recently received notice that the license with DP9 has been terminated. Management believes that there is a potential to monetize the current asset in the future through a re-license sale and/or royalty transaction.

Sabotage – The Sabotage video game is based on author, Matt Cook's Los Angeles Times bestselling novel, Sabotage. In June 2016, the Company also announced that it has licensed the exclusive rights to develop games for the PC, console and mobile platforms based on the Sabotage intellectual property. Under an agreement dated May 13, 2016, the Canada Media Fund ("CMF") agreed to advance $300,000 to the Company to fund the development of the Sabotage video game. The initial advance has been expended; however, development has been suspended pending the review of the license status and future capital investment.

Armored Cock – Armored Cock is a mobile/cross platform fighting game featuring cybernetic cocks (roosters), is an intellectual property originally developed by the Company that was under development by Troll Inc. on behalf of the Company. Troll Inc. completed the second development Sprint of Armored Cock, however, Troll Inc. has been disbanded and no further development of the game is anticipated.

Locke & Key – The Company and IDW Publishing ("IDW") entered into an agreement in 2015 under which the Company would design and develop games for console and mobile platforms based on IDW's popular Locke & Key gothic horror series. The Company has not developed the game resulting in the termination of the license agreement and the Company has no intention of re-negotiating the license to further develop and commercialize this project.

Acquisition of TokenPlay

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.

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.

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.

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
HST receivable	2,201
Intellectual property	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%

MANAGEMENT CHANGES

On January 11, 2018, Robert Howe and Konstantin Lichtenwald were appointed as members of the board. Chris Irwin resigned from the board. Vince McMullin resigned from the board and as chief executive officer and was appointed the chief technology officer of the Company. Mr. Lichtenwald was appointed chief financial officer of the Company and Mr. Garland, the former chief financial officer, remained on the board and was appointed the chairperson of the audit committee of the board. Jon Gill, current chairperson of the board, was appointed the interim chief executive officer. Mr. Howe was appointed the chairperson of the compensation committee of the board.

On February 23, 2018, Usama Chaudhry was appointed to the board of directors, due to Robert Howe's resignation from the board.

On May 18, 2018, Richard Grieve and Cameron Paddock were appointed to the board of directors, to replace Jon Gill and David Garland who resigned from the board. Richard Grieve was also appointed chief executive officer of the Company.

On June 4, 2018, Simon Kim replaced Konstantin Lichtenwald, who resigned from both the board of directors and as the Company's chief financial officer. Usama Chaudhry took over as CFO of the Company.

On June 12, 2018, Cam Paddock replaced Richard Grieve as CEO.

On July 1, 2018, the board appointed Alexandre Sanhaji as chief operating officer of the Company.

On July 30, 2018, Richard Grieve and Cameron Paddock resigned from the board of directors.

On August 1, 2018, the Company appointed Alex Powell as chief financial officer and director, Matthieu Glaude as chief product officer, Jay Dawani as chief marketing technology officer and Raymond Gigliotti as director.

On August 7, 2018, the Company appointed James Hutton as interim chief executive officer. On the same date, Usama Chaudhry and Simon Kim resigned from the board of directors.

On August 8, 2018, the Company terminated its executive agreement with Vince McMullin, chief technology officer of the Company.

On August 13, 2018, the Company appointed Paul Andrusyshyn to the board of directors.

On September 28, 2018, Alex Powell, Raymond Gigliotti and Paul Andrusyshyn resigned from the Board of Directors. The Company appointed Jon Gill, Christopher Irwin and Jordan Manzer as Directors to the Board. Chris Irwin was appointed Chief Executive Officer. In addition, Alex Powell has been replaced by Arvin Ramos as the Chief Financial Officer of the Company. All other officers of the Company has been terminated.

Selected Annual Financial Information
The following table reflects the summary of annual results for the periods set out.

	2018	2017	2016
Total revenue	$Nil	$Nil	$Nil
Net loss	$3,118,698	$4,472,797	$651,723
Net loss per share	$0.017	$0.061	$0.011
Total assets	$73,543	$3,412,893	$1,601,927
Long-term liabilities	$Nil	$Nil	$Nil
Dividends per share	$Nil	$Nil	$Nil

Summary of Quarterly Results
Results for the past eight quarters for selected financial statement amounts are presented below. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Q4-2018 $	Q3-2018 $	Q2-2018 $	Q1-2018 $
Total revenue	-	-	(882)	882
Net loss	(252,519)	(1,394,356)	(746,363)	(725,460)
Basic & diluted loss per share	(0.001)	(0.008)	(0.004)	(0.004)

	Q4-2017 $	Q3-2017 $	Q2-2017 $	Q1-2017 $
Total revenue	-	-	2,725	9,294
Net loss	(3,876,909)	(228,603)	(106,726)	(260,559)
Basic & diluted loss per share	(0.038)	(0.003)	(0.002)	(0.005)

Overall Performance

Twelve Months ended December 31, 2018 and 2017

The Company incurred net loss of $3,118,698 or $0.017 per share for the twelve month period ended December 31, 2018 compared with a net loss of $4,472,797 or $0.061 a share for the comparable period in 2017.

Operating expenses were lower by $977,037 for the twelve months ended December 31, 2018 compared to prior period mainly due to technology acquisition expenses of $3,078,589 in 2017 related to TokenPlay.

Consulting and management fees were $1,551,060 during the twelve month period ended December 31, 2018 compared to $225,302. The increase is attributable to the increase of number of consultants who were working on the projects.

General and administrative expenses increased by $304,911 to $359,821 in 2018 compared to $54,910 in 2017. The increase is due to increase in the number of consultants.

Professional fees increased from $154,748 in 2017 to $236,445 in 2018. The increase is attributable to private placement, acquisition of TokenPlay, debt settlements and general corporate matters.

The Company did not incur any royalty expense during the twelve month period ended December 31, 2018 compared to $11,092 during the same period in 2017.

Sales and marketing expenses significantly increased in 2018 to $164,824 compared to $30,438 in 2017. The Company ramped up the marketing of its products in the current year.

Share based payment expense increased to $307,506 in 2018 compared to $41,614 in 2018. This is the assigned fair market value of the options granted during the periods.

During the twelve month period ended December 31, 2018, the Company recognized that there were payments made by the previous management that cannot be verified due to the lack of supporting documentation. The aggregate amount of these unverified expenses is $294,312 (2017 - $nil).

Due to the legal issues surrounding the intellectual property, the Company wrote down its intangibles to $nil and realized a loss of $815,546 during the twelve month period ended December 31, 2018 (2017 - $nil).

The Company recognized a gain of $462,211 during the year ended December 31, 2018 due to the reversal of trade payables and accrued liabilities having been in the accounting records for over 2 years (2017 - $nil).

During the twelve month period ended December 31, 2018, the Company realized gain of $153,889 (2017 - $nil) from debt settlements.

During the period ended December 31, 2017, the Company incurred $54,075 in interest on convertible debentures. There was none incurred in the current period as the debentures were converted to shares in the 2018.

The Company wrote off the advance royalty in 2017. This amount was $819,329.

Foreign exchange loss for the twelve month period ended December 31, 2018 were $5,284 compared to $2,700 in the same period in 2017.

Three Months ended December 31, 2018 and 2017

The Company incurred net loss of $252, 519 or $0.001 per share for the three month period ended December 31, 2018 compared with a net loss of $3,876,909 or $0.038 a share for the comparable period in 2017.

Operating expenses were lower by $3,446,280 for the three months ended December 31, 2018 compared to prior period mainly due to technology acquisition expenses of $3,078,589 in 2017 related to TokenPlay.

Consulting and management fees were $(550,859) during the three month period ended December 31, 2018 compared to $3,953. The significant decrease is due to reclassification of some amounts to unverifiable expense and reversal of trade payables and accrued liabilities accounts.

General and administrative expenses decrease to $1,415 in 2018 compared to $36,070 in 2017. The decrease is attributable to the change of management that happened in the late September 2018 – all previous officers and consultants were terminated during the change of management.

Professional fees increased from $(27,317) in 2017 to $53,911 in 2018. The increase is attributable to private placement, acquit ion of TokenPlay, debt settlements and general corporate matters.

Sales and marketing expenses significantly increased in 2018 to $80,804 (2017 - $nil). This increase was due the reclassification due to reversal of trade payables and accrued liabilities.

There were no share based payment expense during the three month period ended December 31, 2018 compared to $41,614 in the same period of 2017.

During the three month period ended December 31, 2018, the Company recognized that there were payments made by the previous management that cannot be verified due to the lack of supporting documentation. The aggregate amount of these unverified expenses is $294,312 (2017 - $nil).

Due to the legal issues surrounding the intellectual property, the Company wrote downs its intangibles to $nil and realized a loss of $815,546 during the three month period ended December 31, 2018 (2017 - $nil).

The Company recognized a gain of $462,211 during the three month period ended December 31, 2018 due to the reversal of trade payables and accrued liabilities having been in the accounting records for over 2 years (2017 - $nil).

Due to minor adjustments, the Company recorded a decrease of $21,671 in the gain on debt settlements ($2017 - $nil) during the three month period ended December 31, 2018.

During the three month period ended December 31, 2017, the Company incurred $26,212 in interest on convertible debentures. There were none incurred in the current period as these debentures were converted to shares in the fiscal 2018.

The Company wrote off the advance royalty in 2017. This amount was $819,329.

Foreign exchange gain for the three month period ended December 31, 2018 were $2,069 compared to $182 in the same period in 2017.

Operating Expenses

	Three months ended Dec. 31, 2018	Three months ended Dec. 31, 2017	**Twelve months ended Dec. 31, 2018**	Twelve months ended Dec. 31, 2017
	$	$	$	$
Consulting and management fees	(550,859)	3,953	1,551,060	225,302
General and administrative	1,415	36,070	359,821	54,910
Professional fees	53,911	(27,317)	236,445	154,748
Royalty expense	-	-	-	11,092
Sales and marketing	80,804	-	164,824	30,438
Share based payment expense	-	41,614	307,506	41,614
Development expense	-	(101,359	-	-
Technology acquisition expense	-	3,078,589	-	3,078,589
	(414,730)	3,031,550	2,619,656	3,596,693

Company Directors and Officers

As at the date of this report, the directors and officers of the Company were:

Chris Irwin	Chief Executive Officer and Director
Jon Gill	Director
Jordan Manzer	Director
Arvin Ramos	Chief Financial Officer

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the early stage of operations and requires additional capital to achieve its strategic objectives. As at December 31, 2018, the Company had working capital deficiency of $613,103 (December 31, 2017 – working capital surplus of $609,739). As at the date of this report, the Company had negative working capital of approximately $350,000 (excluding the funding owed to Canada Media Fund). Blocplay is currently not generating operating cash flows, and has significant cash requirements to continue its development of its video games and administrative overhead. In order to meet future expenditures and development costs, the Company will need to raise additional financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties represent significant risks to the Company's ability to continue as a going concern.

Management is exploring various financing alternatives, which includes equity and debt offerings. Specifically, during the year ended December 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. The Company also issued 250,000 common shares for options exercised at $0.11 for proceeds of $26,654.

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.

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 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.

In addition, in 2017, the Company completed a private placement of up to $250,000 of convertible unsecured debenture units (Series I - $200,000, Series II - $50,000 with an additional $150,000 available). The Company is also evaluating various government and media grants. As at the date of this report, the Company was successful in receiving $300,000 from the Canadian Media Fund.

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

(a) Capital Management:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued Common Shares, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

(b) Risk Disclosures and Fair Values:

The Company's financial instruments, consisting of cash approximate fair value due to the relatively short-term maturities of the instrument. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

SHARE CAPITAL

As at the date of this report, the Company has the following issued and outstanding:

Common shares– issued and outstanding	182,979,152
Stock options – vested	3,000,000
Warrants	60,817,620

TRANSACTIONS WITH RELATED PARTIES

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

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:

	2018	2017
	$	$
Short-term employee benefits	931,312	243,717
Total compensation to key management	**931,312**	**242,717**

Included in trade and other payables as at December 31, 2018 are amounts of $172,740 (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.

The Company issued 7,191,981 common shares to settle $693,288 of debt to current directors, resulting in a gain on settlement of $153,889.
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CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Critical Accounting Policies:
The Company's critical accounting policies are as follows:

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

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

Accounting Changes
Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively. There were no changes to balances reported for the previous year ended December 31, 2017.
IFRS 9, Financial Instruments
IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.
The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost

Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost

Future Accounting Changes

- 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ITEMS UNDER DISPUTE

The Company has received $479,457 of vendor invoices with respect to consulting and management fees, which are currently under dispute. It is management's position that either such services were never received or the amounts charged for such services in relation to the level of services received is not reasonable. As such, these vendor invoices have not been recognized as expenses for the year ended December 31, 2018 as management does not intent to pay such amounts. There is a potential that such vendors may seek legal action against the Company for failure to pay these disputed invoices. It is management's belief that they would be able to legally defend any such claims against the Company. However, the outcomes as to whether there would be any legal requirement for the Company to pay such amounts is currently not determinable.

LEGAL ISSUES

The Company has received a statement of claim from a former officer with respect to wrongful dismissal, claiming they are owed for payment of outstanding fees in the amount of $77,392, as well as damages of $650,000 plus interest and costs. Management believes it is possible they will be held liable for the payment of outstanding fees and have accrued a reserve for $75,000 for the potential payout of such amount. Management, however, believes that they will be able to successfully defend the claim with respect to damages and costs and as such have not setup any reserves with respect to such amounts. The outcome of this claim is currently not determinable.

As at December 31, 2018, the Company wrote down its intangibles to $nil. The Company has decided to perform this write down given the current financial position of the Company as well as the legal issues surrounding its intellectual property. Such legal issues pertain to a claim served by the Company against two parties who have misappropriated the Company's intellectual property that was created during their tenure with the Company. The outcome of this claim is currently not determinable.

RISKS AND UNCERTAINTIES

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of the risks described below occur, the Company's business, financial condition, liquidity and results of operations could be materially harmed.

Limited Operating History and Sales
The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's video games because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability
The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding
The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel
The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company’s success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth
The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Competition
Competition in the gaming industry as it relates to video games is increasing. While the Company is targeting smaller niche sites with higher expected revenues per subscriber, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the markets that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof
The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse-engineering.

General Economic Trends
The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings
Substantially all of the Company's assets are located in Canada where intellectual property is generally enforced. Video gaming is global in nature, and the Company expects to have subscribers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries
The Company's primary revenues are expected to be achieved initially in North America. However, the Company may expand to markets outside of North America, and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance
The Company's ability to gain and increase market acceptance of its games depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on market research, product development, product testing, strategic relationships and marketing initiatives may be required.

Rapid Technological Change
The video gaming industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation
The Company will continue developing source code for its platform. Such source code and related products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner, and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage to its reputation and impair its ability to acquire new users. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects could lead to claims for liability or other claims involving costly litigation.

Risks Associated with Acquisitions
As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks
A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company

may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Insurance Coverage

The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax* Act (the "**Tax Act**"). However, the Company will be operating in the video gaming space, a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions

Video gaming is a global phenomenon, and the Company anticipates that a significant user base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation, revenues from foreign operations could be adversely impacted.

Currency Fluctuations

Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations in the future. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company's revenue could be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results

The Company's quarterly operating results may fluctuate significantly in the future depending on factors such as the popularity of video games, the ability to attract users, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop new software, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company's expenses are based on expectations of future revenue and, therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant user base, and the ability to monetize that user base, the inability to build and monetize the user base could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts

The Company's officers and directors may have certain interests and arrangements that are different from, or in addition to the Company's shareholders. Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.