Victory Square Technologies Inc.
(Formerly Fantasy 6 Sports Inc.)

Condensed Consolidated Interim Financial Statements
Six months ended June 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of income (loss) and comprehensive income (loss)
(Expressed in Canadian dollars)

	Note		June 30, 2018		December 31, 2017
ASSETS					
Current assets					
Cash		$	170,245	$	2,715,182
Prepaids			330,125		415,254
Trade receivables			625,334		50,513
Government sales tax receivable			82,214		63,605
Due from related parties	12		849,687		-
Scientific Research and Experimental Development tax credit receivable			230,414		-
Marketable securities	4		6,450		45,000
Digital currencies	7		899,392		263,441
			3,193,861		3,552,995
Non-current assets					
Investments	5		20,719,543		5,118,359
Long-term advances	6		1,778,362		1,455,731
Property and equipment	8		1,529,347		-
Intangible assets	9		5,397,155		1,586,269
TOTAL ASSETS		**$**	**32,618,268**	**$**	**11,713,354**
LIABILITIES					
Current liabilities					
Trade payables	12	$	508,457	$	242,154
Accrued liabilities	12		219,399		544,206
Deferred revenue			20,634		6,300
Loan payable	10		436,182		-
Related party loans - current portion	12		805,240		1,094,793
			1,989,912		1,887,453
Related party loans	12		2,705,088		-
TOTAL LIABILITIES			**4,695,000**		**1,887,453**
SHAREHOLDERS' EQUITY					
Share capital	11		29,924,498		15,960,006
Reserve	11		104,403		104,403
Accumulated other comprehensive income			58,157		82,130
Deficit			(2,163,790)		(6,320,638)
SHAREHOLDERS' EQUITY			**27,923,268**		**9,825,901**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**32,618,268**	**$**	**11,713,354**

Nature of operations and going concern – Note 1
Subsequent events – Note 18

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 29, 2018.

Director: "Shafin Tejani"

Director: "Sheri Rempel"

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of income (loss) and comprehensive income (loss)
(Expressed in Canadian dollars)

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue	17	$ 1,064,395	$ 179,235	$ 1,312,742	$ 186,238
Cost of goods sold	17	713,308	$ 127,945	956,493	127,945
		351,087	51,290	356,249	58,293
Expenses					
Amortization and depreciation	8,9	494,970	242,771	737,867	485,542
Bad debt expense		6,448	-	6,448	-
Donations		257,050	-	312,050	-
Foreign exchange loss		7,910	4,358	25,281	4,365
General and administration		37,725	6,611	46,790	11,838
Insurance		22,185	6,705	27,021	6,705
Interest	12	10,717	6,799	15,802	13,251
Investor relations		4,402	949	47,567	2,949
Management fees	12	47,500	54,167	95,000	114,417
Professional and consulting fees	12	284,251	50,011	387,289	86,739
Rent		98,456	16,800	134,617	30,000
Research and development		-	343	13,450	73,443
Sales and marketing		261,626	1,645	1,393,195	40,328
Transfer agent and regulatory fees		13,902	17,119	21,161	29,522
Wages		148,851	87,760	274,830	158,482
Total expenses		(1,695,993)	(496,038)	(3,538,368)	(1,057,581)
Other Items					
Equity loss on investments	5	(331,609)	-	(578,311)	-
Dilution gain (loss) on investments	5	7,697,569	-	7,647,678	-
Fair value gain on digital currencies	7	319,365	-	195,527	-
Interest income		37,120	-	74,073	-
		7,722,445	-	7,338,967	-
Net income (loss) for the period		6,377,539	(444,748)	4,156,848	(999,288)
Other comprehensive income (loss)					
Unrealized loss on investment	4	(7,350)	-	(38,550)	-
Currency translation adjustment		14,861	-	14,577	1,476
		7,511	-	(23,973)	1,476
Total comprehensive income (loss)		**$ 6,385,050**	**$ (444,748)**	**$ 4,132,875**	**$ (997,812)**
Earnings (loss) per share - basic and diluted		**$ 0.09**	**$ (0.01)**	**$ 0.06**	**$ (0.02)**
Weighted average number of common shares outstanding - basic and diluted		**69,647,230**	**48,631,123**	**66,577,059**	**48,621,456**

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Amount	Accumulated other comprehensive income	Reserve	Deficit	Total
Balance at January 1, 2017	48,611,639	$ 4,866,212	$ 57,963	$ 104,403	$ (3,582,394)	$ 1,446,184
Shares issued - for debt	1,687,867	1,417,809	-	-	-	1,417,809
Shares issued - warrants exercised for cash	1,750	350	-	-	-	350
Currency translation adjustment	-	-	1,476	-	-	1,476
Net loss for the period	-	-	-	-	(999,288)	(999,288)
Balance at June 30, 2017	**50,301,256**	**6,284,371**	**59,439**	**104,403**	**(4,581,682)**	**1,866,531**
Balance at January 1, 2018	62,384,759	15,960,006	82,130	104,403	(6,320,638)	9,825,901
Shares issued - acquisition of subsidiaries	4,388,919	6,299,664	-	-	-	6,299,664
Shares issued - investments	1,363,234	2,667,265	-	-	-	2,667,265
Shares issued - warrants exercised for cash	3,333,334	5,000,001	-	-	-	5,000,001
Share issuance costs	-	(2,438)	-	-	-	(2,438)
Unrealized loss on investment	-	-	(38,550)	-	-	(38,550)
Currency translation adjustment	-	-	14,577	-	-	14,577
Net income for the period	-	-	-	-	4,156,848	4,156,848
Balance at June 30, 2018	**71,470,246**	**$ 29,924,498**	**$ 58,157**	**$ 104,403**	**$ (2,163,790)**	**$ 27,923,268**

(See Notes 3, 5 and 11)

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Six months ended June 30, 2018	2017
Operating activities		
Net income (loss) for the period	$ 4,156,848	$ (999,288)
Adjustments for non-cash items:		
Amortization and depreciation	737,867	485,542
Bad debt expense	6,448	-
Fair value gain on digital currencies	(195,527)	-
Crytomining revenue	(182,500)	-
Interest income	(73,406)	-
Interest expense	14,559	21
Equity loss on investments	578,311	-
Dilution gain (net) on investments	(7,647,678)	-
Foreign exchange	13,821	-
Debt settled with shares	-	554,478
Changes in non-cash working capital items:		
Prepaid expenses	143,129	24,857
Trade receivables	(419,779)	(14,682)
Government sales tax recoverable	(28,211)	(19,099)
Trade payables and accrued liabilities	266,474	(12,177)
Deferred revenue	14,334	-
Player deposits	-	(608)
Net cash flows used in operating activities	(2,615,310)	19,044
Investing activities		
Cash from acquisition of subsidiaries	117,179	-
Cash used in deconsolidation of subsidiary	(18,489)	-
Purchase of investments	(3,756,042)	-
Long term advances	(493,829)	-
Due from related parties	(51,184)	-
Purchase of intangibles	(33,130)	-
Purchase of equipment	(1,021,337)	-
Disposal of cryptocurrency	65,556	-
Net cash flows used in investing activities	(5,191,276)	-
Financing activities		
Shares issued, net	4,997,563	350
Proceeds from related party loans	264,086	55,138
Net cash flows from financing activities	5,261,649	55,488
Effect of foreign exchange rate changes on cash	-	1,476
Change in cash	(2,544,937)	76,008
Cash, beginning	2,715,182	11,794
Cash, ending	**$ 170,245**	**$ 87,802**

See accompanying notes to the condensed consolidated interim unaudited financial statements.

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) (the "Company") was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. On June 9, 2017, the Company changed its name to Victory Square Technologies Inc. Victory Square Technologies Inc. is an emerging technology accelerator with over 19 portfolio companies. The portfolio companies specialize in blockchain, artificial intelligence ("AI"), virtual reality ("VR"), augmented reality ("AR"), fintech, insurance, health and gaming. The Company identifies, incubates and invests in entrepreneurs who are working on innovative and disruptive projects, providing them with the partners, mentorship and support necessary to accelerate their growth and helping them scale globally.

The Company's registered office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The head office and principal address of the Company is located at Suite 300, 128 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1G8. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "VST" and the Frankfurt Stock Exchange under the symbol "6F6". The Company is also quoted on the OTCQX Best Markets in the United States under the symbol of "VSQTF".

These condensed consolidated interim unaudited financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2018, the Company had working capital of $1,203,949 (December 31, 2017 – working capital of $1,665,542) and an accumulated deficit of $2,163,790. The Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. (See Note 16).

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards

These condensed consolidated interim unaudited financial statements were authorized for issue on August 29, 2018, by the directors of the Company.

Statement of Compliance
These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2017.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2017.

Basis of Preparation
The condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

New Accounting Standards and Interpretations

Financial Instruments
The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Revenue from Contracts with Customers
The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

Immersive Experiences Revenue
The Company, through its subsidiary F360, provides immersive experiences primarily through the construction of interactive real-world simulations using VR and AR. Revenue from providing these services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that gave rise to the revision become known to management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (receivable) is recognised. If the payments exceed the services rendered, a contract liability (deferred revenue) is recognized.

New Accounting Policies

The following accounting policies were adopted in the current period:

Cryptomining Revenue
The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss. The Company records the revaluation gains and losses in the Statement of Income (Loss) and Comprehensive Income (Loss).

(Expressed in Canadian dollars)

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

New Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation and amortization are calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of equipment are as follows:

Class of property and equipment	Depreciation rate
Computers	3 years
Cryptomining equipment	2 years

Accounting Standards Issued But Not Yet Applied

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

3. Transactions

Limitless Blockchain Technology, LLC

On May 1, 2018, the Company completed the purchase of 100% of all issued and outstanding common shares of Limitless Blockchain Technology, LLC ("Limitless") in exchange for 3,703,703 common shares of the Company, with a fair value of $5,518,517. The acquisition was treated as an asset purchase. In accordance with IAS 38 "Intangible Assets", the fair value of the common shares and excess of fair value of the consideration has been recognized as an intangible asset acquired through acquisition.

Limitless is a blockchain solution provider.

(Expressed in Canadian dollars)

3. Transactions (continued)
Limitless Blockchain Technology (continued)

The acquisition was recorded as follows:

		Acquisition of Limitless
Fair value of consideration		
Common shares	$	5,518,217
Assets acquired		
Cash		97,157
Digital currencies		240,970
Capital assets		605,406
Accrued liabilities		(19,101)
		924,432
Intangible assets acquired (Note 9)	$	4,593,785

V2 Games Inc.

On May 29, 2018, the Company completed the purchase of 100% of all issued and outstanding common shares of V2 Games Inc ("V2 Games") in exchange for $670,680 and 685,216 common shares of the Company with a fair value of $781,146, for total consideration of $1,451,826. The acquisition was treated as an asset purchase. In accordance with IAS 38 "Intangible Assets", the fair value of the common shares and excess of fair value of the consideration has been recognized as an intangible asset acquired through acquisition.

V2 Games provides capital for mobile games and gaming companies.

The acquisition was recorded as follows:

		Acquisition of V2 Games
Fair value of consideration		
Cash	$	670,680
Common shares		781,146
		1,451,826
Assets acquired		
Cash		20,021
Trade receivables		161,490
SRED receivable		230,414
Other receivables		38,678
Prepaid expenses		3,000
Investments		1,256,350
Advances		495,680
Capital assets		1,153
Trade payables		(18,759)
Accrued liabilities		(2,000)
Loan payable		(430,795)
Intercompany loans		(1,354,757)
		400,475
Intangible assets acquired (Note 9)	$	1,051,351

(Expressed in Canadian dollars)

4. Marketable Securities

During the year ended December 31, 2017, the Company purchased 30,000 common shares of Big Blockchain Intelligence Group Inc. ("Big Blockchain") for $22,500. Big Blockchain's shares are listed on the CSE. The fair value of the shares at December 31, 2017 was $45,000 and at June 30, 2018 was $6,450. The Company recorded an unrealized mark-to-market loss of $38,550 to comprehensive income during the period ended June 30, 2018.

5. Investments

The Company's investments at June 30, 2018 and December 31, 2017 consisted of the following:

Investment		Balance at June 30, 2018		Balance at December 31, 2017
FansUnite Entertainment Inc.	$	8,378,305	$	-
Unified Film Fund II, LLC		3,728,571		3,728,571
PayVida Solutions Inc.		1,918,846		-
Cassia Research Inc.		1,454,261		-
Just Games Interactive Entertainment LLC		1,256,350		-
Flo Digital Inc.		646,449		-
Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.)		644,853		789,788
Talo Flow Inc. (formerly LocoNoco Inc.)		641,496		-
Howyl Ventures Inc.		611,136		-
Multapplied Networks, Inc.		600,000		600,000
TLA Films, LLC		512,191		-
Personalized Biomarkers Inc.		227,081		-
Cryptobuyer Technologies Corp.		100,000		-
Next Decentrum Inc.		4		-
	$	20,719,543	$	5,118,359

a) FansUnite Entertainment Inc.

On August 31, 2016, the Company acquired 100% of the issued and outstanding shares of FansUnite Media Inc. During the current period, the Company formed a new subsidiary, FansUnite Entertainment Inc. ("FansUnite"), and the shares of FansUnite Media Inc. were transferred to FansUnite.

On May 29, 2018, FansUnite issued 19,100,000 common shares from treasury to management and market partners for nominal consideration and then completed a private placement, issuing a further 17,831,000 common shares for net proceeds of $4,378,625. The Company participated in the private placement and obtained an additional 1,000,000 common shares $250,000. As a result of the share issuances, the Company's interest in FansUnite was diluted from 100% to 48.55%

Upon the loss of control, the Company ceased consolidation and:

a) derecognized the assets and liabilities of FansUnite from the consolidated statement of financial position and;

b) recognized the retained investment in FansUnite at its fair value.

The fair value of FansUnite was determined through reference to the price per share of the shares sold in the private placement and the Company recognized a gain on dilution of $6,946,937. From May 30, 2018, the Company accounts for its investment in FansUnite as an equity investment. The value of the investment at the date of dilution was $8,475,000. From May 30, to June 30, 2018, the Company recorded an equity loss of $96,695 on its investment in FansUnite and the value of the investment was reduced to $8,378,305 at June 30, 2018.

(Expressed in Canadian dollars)

5. Investments (continued)

b) Unified Film Fund II, LLC

In accordance with the Assignment Agreement, the Company acquired a 40% interest in the Film Fund from Interlock Capital Ltd. (“Interlock”), a private company incorporated under the laws of British Columbia. As consideration, the Company issued Interlock 5,000,000 common shares at a fair value of $4,500,000.

The Company, by way of the Assignment Agreement, was assigned all of Interlock’s rights, title and interest in and to the Film Fund, in accordance with an underlying Investor Agreement (the “Investor Agreement”) dated July 6, 2017.

Prior to the Company’s assumption, Interlock paid $4,500,000 (USD $3,500,000) in capital towards the Film Fund. The Film Fund is designed to be utilized towards financing the development, production, distribution or marketing of any of the anticipated 7 motion pictures, each to be produced by a SPE. A single SPE will be formed to produce, own, and acquire the underlying rights in and to each of the motion pictures.

In return for the conveyance of interest in the Film Fund, the Company will pay Interlock royalties commencing August 1, 2018 and for a period of 7 years thereafter, as follow:

a) 5% royalty on annual profits directly derived from the Investor Agreement in excess of $10,000,000;
b) 10% royalty on annual profits directly derived from the Investor Agreement in excess of $20,000,000; and
c) 15% royalty on annual profits directly derived from the Investor Agreement in excess of $30,000,000.

The value of the common shares issued by the Company will be deducted from such profits until the entire value of the shares has been so deducted.

The Company will recoup its investment in the Film Fund as follows:

a) the investment plus a 20% pro rata with any payment of distributable cash, as defined; and
b) a 40% non-dilutable share of distributable cash.

During the year ended December 31, 2017, the Film Fund incorporated 2 SPE’s. The Film Fund financed a portion of the budgeted cost of the development, production, distribution and marketing of the respective SPE’s and a portion of the funding was provided by way of loans from The Fyzz Facility (“The Fyzz”), a motion picture and financing company.

The respective SPE’s were funded through the Company’s capital investment as follows:

What They Had Film, LLC	$2,256,043 (USD $1,754,700)
UFF 2 Ride Movie LLC	$771,429 (USD $600,000)

The investment in UFF 2 Ride Movie LLC of $771,429 was impaired during the year ended December 31, 2017.

A 40% shareholding in the Film Fund would, presumably, give rise to significant influence and the Company would account for this investment in accordance with equity accounting. However, the key rights of the Company, as a member, are set out in contractual arrangements other than in a shareholders’ agreement and, as such, the Film Fund is a “structured entity” as defined in IFRS 12 “Disclosure of interests in other entities” as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relative to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Therefore, management has concluded that the Company does not have significant influence and the investment has been accounted for as a financing arrangement.

5. Investments (continued)

c) PayVida Solutions Inc.

The Company entered into an agreement to purchase a 31.35% interest in the issued and outstanding common shares of PayVida Solutions Inc. ("PayVida") for cash of $1,250,000 and 365,168 common shares of the Company with a fair value of $967,695 for total consideration of $2,217,695. At June 30, 2018, the Company held an interest of 42.05% in PayVida which will be diluted to 31.35% once shares are issued to debt holders.

During the period ended June 30, 2018, the Company recorded an equity loss of $298,849 and the value of the investment was reduced to $1,918,846.

PayVida is a fintech company which connects merchants and consumers with e-commerce, mobile, in-store payment acceptance and disbursement technology. PayVida's technology enables existing merchants' POS terminals and POS systems to accept fiat and cryptocurrencies as a payment method.

d) Cassia Research Inc.

During the period ended June 30, 2018, the Company entered into an agreement to purchase a 23.1% interest in the issued and outstanding common shares of Cassia Research Inc. ("Cassia") for cash of $1,000,000 and 187,266 common shares of the Company with a fair value of $514,982 for total consideration of $1,514,982. As at June 30, 2018, the Company held an interest of 25.92% in Cassia.

During the period ended June 30, 2018, the Company recorded an equity loss of $60,721 and the value of the investment was reduced to $1,454,260.

Cassia is a blockchain-focused fintech company which offers its CoPilot Advisor platform for financial advisors.

e) Just Games Interactive Entertainment LLC

During the period ended June 30, 2018, the Company entered into a games financing agreement with Just Games Interactive Entertainment LLC for $1,256,350 ($1,000,000 USD) for the development and publishing of a mobile game. In exchange, the Company will receive a royalty of 20% of the gross revenues generated by the game. No revenue was earned during the period ended June 30, 2018, as the game is still under development.

f) Flo Digital Inc.

During the period ended June 30, 2018, the Company purchased a 49% interest in the issued and outstanding shares of Flo Digital Inc. ("Flo Digital") through the issue of 446,428 common shares of the Company with a fair value of $656,249. In addition, the Company has agreed to provide Flo Digital with a convertible loan in the amount of $300,000. The loan will have a term of 4 years and will be non-interest bearing for the first year and will bear interest at 4.45% thereafter. The Company has advanced $25,000 of the loan.

During the period ended June 30, 2018, the Company recorded an equity loss of $9,800 and the value of the investment was reduced to $646,449.

Flo Digital offers an interactive virtual reality advertising solution.

g) Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.)

On October 10, 2017, the Company acquired a 59.26% interest in the issued and outstanding common shares of Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.) ("Aspen"), a company related by common directors, for $16. On December 6, 2017, the Company's interest was diluted to 48.34% and to 36.17% on January 25, 2018.

Accordingly, the Company consolidated the results of Aspen from October 10, 2017 to December 6, 2017. Upon the loss of control, the Company ceased consolidation and:

a) derecognized the assets and liabilities of Aspen from the consolidated statement of financial position and;

b) recognized the retained investment in Aspen at its fair value.

5. Investments (continued)

g) Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.) (continued)

The net assets of Aspen equaled the fair value at the date of loss of control on December 6, 2017. The Company's interest in the fair value of the net assets, of $1,039,770 was recorded as the cost of the investment on initial recognition and, subsequently, the Company accounts for its investment in Aspen as an equity investment. The value of the investment at December 31, 2017 was $789,788.

During the period ended June 30, 2018, the Company recorded an equity loss of $95,043 and a loss on dilution of $49,891 due to the dilution of the Company's interest from 38.85% on December 31, 2017 to 36.17% on January 25, 2018, and the value of the investment was reduced to $644,853.

Aspen is a blockchain and cryptocurrency investment and advisory services firm.

h) Talo Flow Inc. (formerly LocoNoco Inc.)

During the period ended June 30, 2018, the Company purchased a 9.09% percent interest in the issued and outstanding shares of Talo Flow Inc. ("Talo Flow") for $641,496 (USD $500,000). Talo Flow provides a decision-making platform for developers working on robotic process automation, smart contracts and artificial intelligence.

i) Howyl Ventures Inc.

On May 1, 2018, the Company completed the acquisition of 28.5% of Howyl Ventures Inc. ("Howyl Ventures") issuing 364,372 common shares of the Company with a fair value of $528,339 and $100,000 in cash.

During the period ended June 30, 2018, the Company recorded an equity loss of $17,204 and the value of the investment was reduced to $611,136.

j) Multapplied Networks, Inc.

On December 27, 2017, the Company entered into an agreement to acquire 10% of the issued and outstanding common shares of Multapplied Networks, Inc. ("MNI") for $600,000.

MNI is an enterprise software-defined wide area networking company that focuses on utilizing its proprietary software in facilitating a global decentralized internet.

k) TLA Films, LLC

Durjng the period ended June 30, 2018, the Company entered into an agreement to provide a portion of the financing for the production of the film "The Opening Act" for $512,191. Based on the estimated budget of $3,160,320 (USD $2,400,000), the Company's proportionate share of net earnings will be 16%. The film was still under production at June 30, 2018.

l) Personalized Biomarkers Inc.

On August 9, 2017, the Company executed an agreement with Personalized Biomarkers Inc. ("PBI") to acquire up to 33% of the issued and outstanding common shares of PBI. During the period ended June 30, 2018, the Company decided to limit its investment to 15% of PBI for $227,081.

PBI develops test kits that predict the expected response to a number of therapies prior to prescription, with an initial focus on diabetes.

m) Cryptobuyer Technologies Corp.

During the period ended June 30, 2018, the Company purchased 1,000,000 common shares of Cryptobuyer Technologies Corp. for $100,000.

n) Next Decentrum Inc.

During the period ended June 30, 2018, the Company entered into an agreement to purchase a 26.5% interest in the issued and outstanding shares of Next Decentrum Technologies Inc. for $3.61. In addition, the Company will issue $450,000 under a secured, non-interest-bearing convertible promissory note. The Company has advanced $25,000 of the loan.

(Expressed in Canadian dollars)

6. Long Term Advances

As at June 30, 2018 and December 31, 2017, the Company made the following advances:

	Balance at June 30, 2018	Balance at December 31, 2017
Personalized Biomarkers Inc.	$ -	$ 227,081
Bluzelle Platform Ptd.Ltd.	-	250,000
Blockchain conference prize pools	647,658	503,650
V2Games Inc.	-	475,000
Advances for token offerings	200,148	-
Advances to Look To The Sky Films Inc.	589,729	-
Working capital loan to Shape Immersive Entertainment Inc.	128,443	-
Advances to Cloud Benefit Solutions Inc.	180,000	-
Advances to V2 Sports Inc.	32,384	-
	$ 1,778,362	$ 1,455,731

a) Blockchain conference prize pools

During period ended June 30, 2018, the Company advanced an additional $388,410 towards an investment prize pool to be awarded and allocated to a selection of start-up companies. The total amount advanced to June 30, 2018, is $892,060. In return, the Company will receive either an equity investment in or an allocation of ICO tokens to be distributed by each of these companies. To June 30, 2018, the Company has received the following tokens:

646,584 Debitum
582,500 InsurePal
72,544 Aid
371,666 Chainium
260,259 Guardium

The cost of these tokens of $244,402 was reallocated to digital currencies during the period ended June 30, 2018. The balance of advances remaining for the prize pool is $647,658 at June 30, 2018.

b) Advances for token offerings

The Company invested USD $150,000 (CAD $188,175) in Gibraltar Blockchain Exchange. In return, the Company will receive 1,650,000 Rock tokens. As at June 30, 2018, the Company had received 1,375,000 tokens. The cost of these tokens of $156,812 was reallocated to digital currencies during the period ended June 30, 2018.

The Company also advanced $42,747 for Cryptocurve tokens, $42,864 for PayToMat tokens, $42,198 for SBCE tokens and $40,976 for MPQ tokens. None of these tokens have been received as at June 30, 2018.

c) Advances to Look To The Sky Films Inc.

During the period ended June 30, 2018, the Company advanced $589,729 to Look To The Sky Films Inc. (“Sky”) for an assignment of a portion of Sky’s investment in the film “Dragged Across Concrete.”

d) Working capital loan for Shape Immersive Entertainment Inc.

During the period ended June 30, 2018, the Company entered into an agreement to provide an interest-free working capital loan of $150,000 to Shape Immersive Entertainment Inc. and has advanced $128,443.

(Expressed in Canadian dollars)

6. Long Term Advances (continued)

e) Advances to Cloud Benefit Solutions Inc.

During the period ended June 30, 2018, the Company advanced $180,000 to Cloud Benefit Solutions Inc. ("Cloud") in connection with a letter of intent to purchase 15% of the issued and outstanding shares of Cloud for $300,000.

f) Advances to V2 Sports Inc.

During the period ended June 30, 2018, the Company advanced $32,384 in connection with a subscription for the purchase of 75,000 common shares of V2 Sports Inc. for $75,000.

7. Digital Currencies

As at June 30, 2018 and December 31, 2017, the Company's digital currencies consisted of the following:

	June 30, 2018		**December 31, 2017**	
	Number of Tokens/Coins	Quoted Market Price	Number of Tokens/Coins	Quoted Market Price
AidCoin	72,544	$ 9,778	$ -	-
Bitcoin	8.15	67,662	0.78	13,852
Bluzelle	1,279,477	497,617	-	-
Chainium	371,666	3,319	-	-
Debitum	1,168,584	38,359	225,000	62,732
Enjin	415,967	31,242	415,967	90,120
Ethereum	8.9976	5,393	101.90	96,737
Guardium*	260,259	42,505	-	-
InsurePal	582,500	22,231	-	-
Litecoin	13.18	1,481	-	-
Monero	40.18	6,931	-	-
Rock	1,375,000	130,863	-	-
Shopin	2,800,100	42,011	-	-
		$ 899,392		$ 263,441

*Valued at cost, as no readily available market value.

During the period ended June 30, 2018, the Company recorded a fair value gain on digital currencies of $195,527 (2017 - $Nil). In addition, the Company recorded revenue of $182,500 (2017 - $Nil) from cryptomining.

(Expressed in Canadian dollars)

8. Property and Equipment

Property and equipment consists of the following:

	Cryptomining Equipment	Computer Equipment	Total
Cost			
Balance, December 31, 2017	$ -	$ -	$ -
Acquisition of subsidiaries (Note 3)	550,145	56,414	606,559
Additions	1,001,572	19,764	1,021,336
Balance, June 30, 2018	1,551,717	76,178	1,627,895
Accumulated depreciation			
Balance, December 31, 2017	$ -	$ -	$ -
Depreciation	(92,979)	(5,569)	(98,548)
Balance, June 30, 2018	(92,979)	(5,569)	(98,548)
Net book value, June 30, 2018	$ 1,458,738	$ 70,609	$ 1,529,347

The cryptomining equipment of $1,001,572, purchased during the period ended June 30, 2018, was not yet in use at June 30, 2018, and therefore, no depreciation was recorded on these additions for the current period.

9. Intangible Assets

Intangible assets are comprised of the following:

	FansUnite	Website and crytocurrency wallet development costs	Limitless	V2 Games	Total
Balance, December 31, 2017	$ 1,499,021	$ 87,248	$ -	$ -	$ 1,586,269
Acquisition of subsidiaries (Note 3)	-	-	4,593,785	1,051,351	5,645,136
Additions	-	83,130	-	-	83,130
Amortization	(220,960)	(43,625)	(344,009)	(30,725)	(639,319)
Deconsolidation of FansUnite*	(1,278,061)	-	-	-	(1,278,061)
Balance, June 30, 2018	$ -	$ 126,753	$ 4,249,776	$ 1,020,626	$ 5,397,155

*See Note 5

Intangible assets are amortized on a straight-line basis over 3 years. No amortization has been taken on the cryptocurrency wallet development costs of $83,130 as the wallet was still in development at June 30, 2018.

10. Loan Payable

On August 17, 2017, the Company's subsidiary, V2 Games, entered into a loan agreement with Runway Finance Group Inc. for $400,000. The loan bears interest at 16% and matures on August 16, 2020. The Company is required to make repayments as follows:

- 100% of the proceeds from V2 Games' refund from Canada Revenue Agency for its Scientific Research and Experimental Development ("SRED") tax credit for the year-end tax returns for 2017, 2018 and 2019,
- 50% of the proceeds from V2 Games' refund from Canada Revenue Agency for its December 31, 2016 British Columbia Interactive Digital Media Tax Credit ("BC IDMTC"),
- 50% of the proceeds from payments to be received by V2 Games under a June 14, 2016 mobile game publishing agreement and
- 50% of the proceeds from Canada Media Fund payments to be received by V2 Games under a February 11, 2015 agreement.

The loan is secured by a general security agreement over all present and after-acquired assets, property and undertaking of V2 Games as well as an assignment of the payments to be received for SRED, BC IDMTC and for the mobile game publishing agreement. No payments have been made to June 30, 2018. The balance of the loan was $436,182 at June 30, 2018 including accrued interest of $36,182.

11. Share Capital

Authorized Share Capital
Unlimited common shares without par value.

Issued Share Capital
At June 30, 2018, there were 71,470,246 issued and fully paid common shares (December 31, 2017 – 62,384,759).

On February 15, 2018, 187,266 common shares with a fair value of $514,982 were issued in connection with the investment in Cassia (Note 5).

On March 6, 2018, 3,333,334 common shares were issued at a price of $1.50 for proceeds of $5,000,001 in connection with the exercise of 3,333,334 warrants.

On March 7, 2018, 365,168 common shares with a fair value of $967,695 were issued in connection with the investment in PayVida (Note 5).

On April 19, 2018, 364,372 common shares with a fair value of $528,339 were issued in connection with the investment in Howyl Ventures (Note 5).

On April 20, 2018, 446,428 common shares with a fair value of $656,249 were issued in connection with the investment in Flo Digital (Note 5).

On May 1, 2018, 3,703,703 common shares with a fair value of $5,518,517 were issued in connection with the acquisition of the Limitless (Note 3).

On May 29, 2018, 685,216 common shares with a fair value of $781,146 were issued in connection with the acquisition of V2 Games (Note 3).

Warrants
On March 6, 2018, 3,333,334 warrants were exercised at a price of $1.50 for proceeds of $5,000,001. As at June 30, 2018, there are no warrants outstanding.

(Expressed in Canadian dollars)

11. Share Capital (continued)

Stock Options

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed ten years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

As at June 30, 2018, the Company has not issued any stock options.

Reserve

The reserve records items recognized as share-based payments and other settlements.

12. Related Party Transactions

During the period ended June 30, 2018 and 2017, the Company entered into the following transactions with related parties:

		June 30, 2018		June 30, 2017
Interest	$	9,172	$	12,380
Management fees **	$	65,000	$	114,416
Professional fees	$	93,073	$	31,500
Rent *	$	-	$	30,000

* Rent was paid to a company controlled by the COO who resigned May 31, 2017

** Includes $Nil (2017 - $49,417) in management fees paid to a company controlled by the COO who resigned May 31, 2017

Related Party Balances

At June 30, 2018, the Company had $226,156 (December 31, 2017 - $94,353) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key Management Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive leadership team. Such compensation was comprised of:

- $93,073 (2017 - $31,500) in professional fees to companies controlled by the CFO, for bookkeeping, corporate secretarial and CFO services,
- $65,000 (2017 - $65,000) in management fees to the CEO and,
- $Nil (2017 - $49,417) in management fees to the COO who resigned May 31, 2017.

Related Party Loans

As at June 30, 2018, the Company has $3,510,328 (December 31, 2017 - $1,094,793) in related party loans, which includes $15,029 (December 31, 2017 - $6,259) in accrued interest. The related party loans are unsecured. Related party loans in the amount of $805,240 bear interest at 3% compounded semi-annually and are due on or before October 16, 2018. The balance of the related party loans of $2,705,088 are due on or before October 16, 2019 and bear interest at 3% compounded semi-annually.

12. Related Party Transactions (continued)

Due from Related Parties

As at June 30, 2018, the Company has $849,687 (December 31, 2017 - $Nil) in amounts due from related parties. The majority of this relates to an intercompany loan to FansUnite for $761,503. Prior to the dilution of the Company's investment in FansUnite, the intercompany loans were eliminated on consolidation. Amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

13. Operating Segments

The Company operates in several segments including online fantasy sports games, immersive fan experiences, investment in startup technology companies, film production and investment in digital currencies.

14. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of trade receivables, SRED refund receivable and government sales tax receivable. The Company made an allowance for one receivable in the amount of $6,448 that it believed was uncollectible at June 30, 2018. Based on the evaluation of remaining trade receivables at June 30, 2018, the Company believes that its receivables are collectible and the Company is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

14. Financial Risk Management (continued)

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models.

When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. There were no financial instruments carried at fair value as at June 30, 2018.

Cash and marketable securities are measured using Level 1 inputs.

The Company's financial instruments consist of cash, trade receivables, marketable securities, certain investments, advances, trade payables, loan payable and related party loans. The carrying value of cash, trade receivables, marketable securities, certain investments, advances, trade payables and related party loans approximates their fair value due to the short- term nature of these instruments. The carrying value of the loan payable approximates its fair value due to the fact that it bears interest at a market rate.

15. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating period. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

(Expressed in Canadian dollars)

16. Commitment

In fiscal 2016, the Company signed a binding term sheet with Victory Square Labs Inc., a company related by a director in common, for a secured convertible note facility up to $10,000,000 (the "Convertible Note").

The Convertible Note, to be advanced in tranches, will consist of a series of secured convertible promissory notes (each a "Note"), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement. Interest on each Note will accrue at 6% per annum, compounded annually and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company's present and subsequently acquired personal property pursuant to a general security agreement.

As of June 30, 2018, the Company has not drawn any funds on the Convertible Note.

17. Revenue and Cost of Goods Sold

Revenue

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Immersive experiences	$ 802,728	$ 175,364	$ 1,048,069	$ 175,364
Gaming services	79,167	3,871	82,173	10,874
Cryptomining	182,500	-	182,500	-
	$ 1,064,395	$ 179,235	$ 1,312,742	$ 186,238

Cost of goods sold

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Immersive experiences	$ 713,308	$ 127,945	$ 956,493	$ 127,945

18. Subsequent Events

Subsequent to June 30, 2018:

a) Aspen Technology Inc. repurchased 18,000,000 common shares from shareholders and issued to those shareholders 18,000,000 share purchase warrants exercisable at $0.02 per share. As a result, the Company's interest in Aspen was diluted from 36.17% to 20.33%

b) The Company advanced an additional $60,000 to Cloud and purchased 776,486 common shares or 12% of the issued and outstanding common shares of Cloud. The Company has committed to advance an additional $60,000 to bring its investment to 15%.