Victory Square Technologies Inc.

Consolidated Financial Statements
Years ended December 31, 2020 and 2019

Expressed in Canadian Dollars

To the Shareholders of Victory Square Technologies Inc:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

DMCL Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

April 30, 2021

"Shafin Tejani"	"Sheri Rempel"
CEO, Director	CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Victory Square Technologies Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years 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 1 to the financial statements, which describes events or conditions that 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 Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 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 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 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 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2021

Victory Square Technologies Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note		December 31, 2020		December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents	4	$	4,551,751	$	128,593
Prepaids	5		499,803		222,219
Trade receivables	6		72,233		108,035
Government sales tax receivable			120,432		128,421
Lease receivable	7		-		50,565
Marketable securities			13,515		1,050
Current portion of loan receivable	8		1,697,912		557,784
			6,955,646		1,196,667
Non-current assets					
Investments	9		28,876,300		7,111,901
Advances			500		500
Loan receivable	8		-		914,831
Due from related parties	19		2,440,227		2,402,190
Property and equipment	11		5,751		310,631
Intangible assets	10		941,000		-
Goodwill	10		3,432,783		-
Assets from continuing operations			42,652,207		11,936,720
Assets from discontinued operations	3		-		1,614,459
TOTAL ASSETS		**$**	**42,652,207**	**$**	**13,551,179**
LIABILITIES					
Current liabilities					
Trade payables	19	$	363,361	$	492,373
Accrued liabilities	19		651,229		726,441
Deferred revenue			-		310,834
Related party loans	19		355,818		15,833
Loan payable	12		295,078		328,428
Current portion of lease payable	14		-		81,976
Share consideration	10		104,542		-
Other payables	15		404,421		158,766
Convertible debentures	17		1,447,872		-
Obligation to issue convertible debentures	17		95,000		230,000
			3,717,321		2,344,651
Non-current liabilities					
Derivative liability	16		97,896		-
Convertible note	16		8,758		-
CEBA loans	13		123,405		-
Convertible debentures	17		-		1,192,203
Lease payable	14		-		245,360
Liabilities from continuing operations			3,947,380		3,782,214
Liabilities from discontinued operations	3		-		1,117,581
TOTAL LIABILITIES			**3,947,380**		**4,899,795**
EQUITY					
Share capital	18		31,865,593		31,353,728
Stock option reserve	18		442,591		1,570,083
Equity portion of convertible debentures	17		199,703		199,703
Special warrants	18		4,889,021		-
Broker's warrants	18		427,165		-
Accumulated other comprehensive income			59,078		58,598
Deficit			(4,938,669)		(24,853,920)
Equity attributable to owners of the Company			32,944,482		8,328,192
Non-controlling interest	3,10,25		5,760,345		323,192
EQUITY			**38,704,827**		**8,651,384**
TOTAL LIABILITIES AND EQUITY		**$**	**42,652,207**	**$**	**13,551,179**

Nature of operations and going concern – Note 1
Subsequent events – Note 26

See accompanying notes to the consolidated financial statements.

Victory Square Technologies Inc.
Consolidated statements of income (loss) and comprehensive income (loss)
(Expressed in Canadian dollars)

	Note		Year ended December 31, 2020		2019
Revenue	23	$	1,489,646	$	3,528,180
Cost of goods sold	23		961,858		2,463,760
			527,788		1,064,420
Expenses					
Amortization and depreciation	9,11		801,773		690,126
Bad debt expense			-		34,745
Donations			20,500		1,000
Foreign exchange loss (gain)	8		(35,820)		89,259
General and administration			202,969		143,912
Insurance			26,984		99,285
Investor relations			76,181		34,828
Management fees	19		207,703		244,684
Professional and consulting fees	19		1,170,061		619,823
Rent			141,989		336,553
Sales and marketing			713,989		495,443
Share based payments	18		-		341,548
Transfer agent and regulatory fees			102,889		66,656
Wages	19		575,077		761,357
Total expenses			(4,004,295)		(3,959,219)
Other Items					
Gain on deconsolidation of subsidiaries	3		5,007,628		-
Fair value gain (loss) on investments	9		18,346,832		(499,349)
Fair value gain on marketable securities			14,250		-
Equity gain (loss) on investments	9		17,732		(1,439,609)
Impairment of investments	9		(719,012)		(1,975,702)
Impairment of related party loans	19		(67,867)		(64,592)
Gain (loss) on modification of loan receivable	8		(20,212)		410,554
Gain on disposal of assets			561,496		-
Gain on settlement of payables	12		122,698		3,815
Loss on settlement of receivables			(17,053)		-
Lease revenue			93,097		-
Subsidy income			78,712		-
Gain on CEBA loans	13		105,172		-
Gain on derivative liability	16		14,820		-
Loss on digital currencies			-		(10,890)
Interest expense	12,13,14,15,16,17,19		(323,752)		(236,431)
Interest and other income	7,8		363,187		714,045
			23,577,728		(3,098,159)
Net income (loss) from continuing operations for the year before income taxes			20,101,221		(5,992,958)
Income tax expense	24		-		(15,119)
Net income (loss) from continuing operations for the year			20,101,221		(6,008,077)
Net loss from discontinued operations	3		(368,190)		(2,909,496)
Net income (loss) for the year			19,733,031		(8,917,573)
Other comprehensive income			480		662
Comprehensive income (loss)			19,733,511		(8,916,911)
Net income (loss) attributable to:					
Shareholders of the parent company			19,915,251		(7,420,637)
Non-controlling interest	25		(182,220)		(1,496,936)
		$	19,733,031	$	(8,917,573)
Basic earnings (loss) from continuing operations per share attributable to the shareholders of the parent company		**$**	**0.30**	**$**	**(0.10)**
Diluted earnings (loss) from continuing operations per share attributable to the shareholders of the parent company		**$**	**0.29**	**$**	**(0.10)**
Weighted average number of common shares outstanding for the period - basic			**74,928,905**		**72,821,149**
Weighted average number of common shares outstanding for the period - diluted			**78,063,603**		**72,821,149**

See accompanying notes to the consolidated financial statements.

Victory Square Technologies Inc.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

		Share Capital									
	Note	**Number of shares**	**Amount**	**Accumulated other comprehensive income**	**Stock option reserve**	**Equity portion of convertible debentures**	**Special Warrants**	**Broker's Warrants**	**Deficit**	**Non-controlling interest**	**Total**
Balance at January 1, 2019		72,275,486	$ 31,073,488	$ 57,936	$ 597,518	$ -	$ -	$ -	$ (17,385,586)	$ 1,757,628	$ 16,100,984
Shares issued - investments	18	496,383	188,271	-	-	-	-	-	-	-	188,271
Shares issued - consulting services	18	282,981	91,969	-	-	-	-	-	-	-	91,969
Share-based payments	3,18	-	-	-	967,386	-	-	-	-	-	967,386
Convertible debenture	17	-	-	-	5,179	199,703	-	-	-	-	204,882
Transition adjustment for leases per adoption of IFRS 16	14	-	-	-	-	-	-	-	(47,697)	-	(47,697)
Increase in value of subsidiary shares related to debt settlement		-	-	-	-	-	-	-	-	62,500	62,500
Currency translation adjustment		-	-	662	-	-	-	-	-	-	662
Net loss for the year		-	-	-	-	-	-	-	(7,420,637)	(1,496,936)	(8,917,573)
Balance at December 31, 2019		**73,054,850**	**$ 31,353,728**	**$ 58,598**	**$ 1,570,083**	**$ 199,703**	**$ -**	**$ -**	**$ (24,853,920)**	**$ 323,192**	**$ 8,651,384**
Balance at January 1, 2020		73,054,850	$ 31,353,728	$ 58,598	$ 1,570,083	$ 199,703	$ -	$ -	$ (24,853,920)	$ 323,192	$ 8,651,384
Shares issued - settlement of debt	18	2,726,317	218,105	-	-	-	-	-	-	-	218,105
Shares and special warrants issued - private placements	18	585,651	266,471	-	-	-	4,889,021	427,165	-	-	5,582,657
Share-based payments	3,18	-	-	-	84,813	-	-	-	-	-	84,813
Deconsolidation of subsidiaries	3	-	-	-	(1,203,766)	-	-	-	-	-	(1,203,766)
Proceeds received in advance of share issuance of subsidiary	18	-	-	-	-	-	-	-	-	1,172,796	1,172,796
Currency translation adjustment		-	-	480	-	-	-	-	-	-	480
Stock option exercise	18	125,000	27,289	-	(8,539)	-	-	-	-	-	18,750
Discontinued operations	3	-	-	-	-	-	-	-	-	(140,972)	(140,972)
Shares issued - subsidiary company	10,18,25	-	-	-	-	-	-	-	-	4,587,549	4,587,549
Net income for the year		-	-	-	-	-	-	-	19,915,251	(182,220)	19,733,031
Balance at December 31, 2020		**76,491,818**	**$ 31,865,593**	**$ 59,078**	**$ 442,591**	**$ 199,703**	**$ 4,889,021**	**$ 427,165**	**$ (4,938,669)**	**$ 5,760,345**	**$ 38,704,827**

See accompanying notes to the consolidated financial statements.

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

		Twelve months ended December 31, 2020		2019
Operating activities				
Net income (loss) for the year	$	20,101,221	$	(6,008,077)
Adjustments for non-cash items:				
Amortization and depreciation		801,773		690,126
Accretion		155,707		-
Accrued Interest expense		154,056		235,555
Accrued interest income		(252,128)		(351,414)
Bad debt expense		-		34,745
Consulting fees paid in shares		-		29,468
Equity (gain) loss on investments		(17,732)		1,439,609
Fair value (gain) loss on investments		(18,346,832)		499,349
Fair value gain on marketable securities		(14,250)		-
Foreign exchange (gain) loss		(97,982)		12,842
Gain on CEBA loans		(105,172)		-
Gain on derivative liability		(14,820)		-
Gain on disposal of assets		(20,173)		-
Gain on sale of investments		(561,496)		-
Gain on settlement of debt		(122,698)		58,685
Gain on deconsolidation of subsidiaries		(5,007,628)		-
Gain (loss) on modification of loan receivable		20,212		(410,554)
Impairment of investment		719,012		1,975,702
Impairment of related party loans		67,867		64,592
Loss on digital currencies		-		(393)
Rent recovery recorded as investment		-		(28,719)
Share based payments		-		341,548
Changes in non-cash working capital items:				
Trade receivables		(120,757)		240,023
Government sales tax recoverable		7,590		(27,161)
Prepaid expenses		(116,025)		20,817
Trade payables		142,390		386,822
Accrued liabilities		(76,524)		-
Deferred revenue		(310,834)		303,896
Other payables		(104,431)		(257,856)
Net cash flows used in operating activities by continuing operations		(3,119,654)		(750,395)
Net cash flows used in operating activities by discontinued operations		(138,510)		(1,830,530)
Investing activities				
Cash flows from discontinued operations		12,636		-
Cash used for investments		(200,300)		(2,883,583)
Purchase of equipment		(2,412)		(28,083)
Proceeds from note receivable		104,042		-
Proceeds from sale of furniture		15,705		-
Proceeds from GIC		-		1,000,000
Lease payments received		-		204,000
Advances		-		(149,059)
Advances to related parties		-		(25,040)
Sale of digital currencies		-		11,337
Net cash flows used in investing activities by continuing operations		(70,329)		(1,870,428)
Net cash flows provided by investing activities by discontinued operations		-		1,026,102
Financing activities				
Proceeds from exercise of stock options		18,750		-
Proceeds from issuance of special warrants, net of issuance costs		5,082,657		-
Proceeds from issuance of shares of subsidiary		997,553		-
Share issuance costs paid on issuance of shares of subsidiary		(210,000)		-
Proceeds from obligation to issue convertible debentures of subsidiary		50,000		230,000
Proceeds from obligation to issue shares of subsidiary		1,172,796		-
Proceeds from issuance of convertible debentures, net of issuance costs		-		1,235,561
Proceeds from sale of investments		777,344		163,075
Proceeds from CEBA loans		220,000		-
Proceeds from related party loans		401,357		133,400
Lease payments received		51,000		-
Repayments of lease		(42,272)		(247,879)
Repayment of obligation to issue convertible debentures		(185,000)		-
Repayment of related party loans		(705,891)		(528,362)
Net cash flows provided by financing activities by continuing operations		7,628,294		985,795
Net cash flows provided by (used in) financing activities by discontinued operations		122,877		(85,238)
Effect of foreign exchange on cash		480		258
Change in cash and cash equivalents		4,423,158		(1,634,770)
Cash and cash equivalents, beginning		128,593		1,763,363
Cash and cash equivalents, ending	**$**	**4,551,751**	**$**	**128,593**

See accompanying notes to the consolidated financial statements.

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (“Victory Square Technologies”, “VST”, or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label Technologies Inc. (“Draft Label”), PDL USA Inc. (“PDL USA”), Fantasy 360 Technologies Inc. (“Fantasy 360”), Victory Entertainment Inc. (“Victory Entertainment”), Victory Square Digital Health Inc. (“VS Digital health”) and its 55.87%-owned subsidiary GameOn Entertainment technologies Inc. (“GameOn Entertainment”) over which the Company has control. GameOn Entertainment was formerly known as V2 Games Inc. and changed its name on January 13, 2021.

Victory Square Technologies has numerous investments in emerging technologies such as AI, AR/VR and Blockchain. Victory Square Technologies supports these companies as they grow, by providing comprehensive functional expertise in commercialization, product market-fit and through access to proprietary technology solutions and to an extensive ecosystem of global partnerships.

The Company’s registered office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. 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 consolidated 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 December 31, 2020, the Company had working capital of $3,238,325 (2019 – deficit $1,147,984) and an accumulated deficit of $4,938,669 (2019 – $24,853,920). 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. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic has not had a material impact on the operations of the Company, but Management continues to monitor the situation; however, it could have a potential impact of increasing the difficulty to raise funding, finding target investments to acquire or on its investees’ ability to obtain profitable operations.

2. Significant Accounting Policies

These consolidated financial statements were authorized for issue on April 30, 2021, by the directors of the Company.

a) Statement of Compliance

These 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 issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as applicable to the preparation of annual financial statements.

2. Significant Accounting Policies (Continued)

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label, PDL USA, Fantasy 360, Victory Entertainment, VS Digital Health and its 55.87%-owned subsidiary GameOn Entertainment over which the Company has control.

Intercompany transactions, balances, income and expenses, and gains or losses on transactions are eliminated on consolidation.

c) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets measured at fair value, and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company, Draft Label, Fantasy 360, GameOn Entertainment, Victory Entertainment, and VS Digital Health. The functional currency of PDL USA is the US dollar.

Certain comparative figures have been restated to conform to the current year's presentation.

d) Use of Estimates and Judgements

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

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

Significant areas requiring the use of estimates include the following:

Fair Value of Investments
The Company reviews certain investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available the Company uses judgement to determine fair value.

Recoverability of Loan Receivable and Accrued Interest
Management assesses the valuation of the loan receivable and accrued interest at the end of each reporting period. Management will assess the repayment schedule for the loan, ability of the borrower to repay the loan receivable and accrued interest, and the Company's overall ability to collect the loan receivable and accrued interest amount. Management's assessment is based on significant judgements and estimates available at each reporting period. Changes in the assumptions may materially affect the amount of the loan receivable and accrued interest determined to be collectible.

Recognition and Valuation of Deferred Tax Assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

2. Significant Accounting Policies (Continued)

d) Use of Estimates and Judgements (continued)

Estimated Useful Life of Intangible Assets
The relative size of the Company's intangible assets makes the judgements surrounding the estimated useful lives critical to the Company's financial position and performance. The useful life of intangible assets relates to the future performance of the assets and management's judgement of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the following:

Going Concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2020 and 2019. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

Intangible Assets Acquired Through Acquisition
Determining whether or not the December 1, 2020 asset acquisition from GameOn App Inc. ("GameOn App") (Note 10) constituted a business combination or acquisition of assets. At acquisition, GameOn App had licenses to develop and market their app as well as several key employees and contractors. As such the acquisition was considered a business combination and the fair value of the consideration paid was allocated to the identifiable assets acquired with the remaining value allocated to goodwill.

Research and Development Costs for Applications
Evaluating whether or not costs incurred by the Company in developing its applications meet the criteria for capitalizing as intangible assets. Management determined that as at December 31, 2020 and 2019, it was not yet able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

Significant influence over Victory Square Health Inc ("Victory Square Health")
The Company determined that it does not have significant influence over Victory Square Health and accordingly does not equity account for this investment. Consequently, the investment is measured at fair value through profit and loss. The Company's determination was based on the fact that they have the right to appoint only one of the seven directors of Victory Square Health. In addition, the Company is contractually excluded from participating in the management of Victory Square Health.

2. Significant Accounting Policies (Continued)

e) Equipment

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
Computer equipment	3 years
Furniture and other equipment	3 years

f) Financial instruments

(i) 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.

(ii) 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 are 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 net income (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 net income (loss) in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2. Significant Accounting Policies (Continued)

f) Financial instruments (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 net 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.

(iv) 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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

g) Investments

Investments which are classified as financial instruments under IFRS 9 are initially recorded at the fair value at the time of acquisition. Subsequent measurement depends on the classification of the financial instrument as noted above in Note 2(f).

For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

2. Significant Accounting Policies (Continued)

g) Investments (continued)

The Company has determined that it has significant influence over the following: Cassia Research Inc. (“Cassia”, dba CoPilot AI, “CoPilot”) and Flo Digital Inc. (“Flo Digital”). The Company also has significant influence over the following investments which are included within other in Note 9: Shape Immersive Entertainment Inc. (“Shape Immersive”), PayVida Solutions Inc. (“PayVida”), Howyl Ventures Inc. (“Howyl”), Next Decentrum Technologies Inc. (“Next Decentrum”), and GrowTech Academy (“GrowTech”). The Company has determined the equity accounted investments to be immaterial to the Company’s financial statements and does not provide additional disclosures for these equity accounted investments under IFRS 12.B10-16.

Held for sale assets as at the year end date included Aspen Technologies Inc. (“Aspen”, formerly VS Blockchain Assembly Inc.) and Talo Flow Inc. (“Talo Flow”, formerly LocoNoco Inc., “LocoNoco”) with both investments being sold in 2021 (Note 26). Under *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations*, held for sale assets are no depreciated, are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of financial position (Note 3).

Investments classified as held at FVTPL under IFRS 9 include FansUnite Entertainment Inc. (“FansUnite”), Victory Square Health, Turnium Technology Group Inc. (“Turnium”, formerly Multapplied Networks Inc., “Multapplied”), Cloud Benefit Solutions Inc. (“Cloud Benefit”, dba Cloud Advisors, “Cloud Advisors”), Shop&Shout Ltd. (“Shop&Shout”, dba Creator.co, “Creator.co”), Silota Research and Development Inc. (“Silota”, dba Covalent, “Covalent”), and MLVX Technologies Inc. (“MLVX”, included within other in Note 9).

Investments in films and games are classified as intangible assets and recorded at the lower of amortized cost or recoverable amount. The valuation of investments in films and games are reviewed when an event or change in circumstances indicates that the fair value of a film or game is less than its unamortized cost. The Company records an impairment charge if the amount is less than the amortized cost. The recoverable amount is higher of value in use or fair value less cost of disposal. Investments in films are amortized over a three-year period, 80% in year of release, 15% in the year thereafter and 5% in the second year after release. Investments in games are amortized on a straight-line basis over a three-year period, starting in the year the game is released.

h) Digital Currencies

Digital currencies consist of cryptocurrency and are initially recorded at cost an adjusted for fair value at each reporting period based on quoted market prices. Changes in the fair value of digital currencies are recorded in profit and loss. All digital currencies were fully impaired all token investments since the financial statement disclosures in the year ended December 31, 2019. No further investments in digital currencies have been made an no reversal of impairments have been deemed recoverable.

i) Website Development Costs

The Company capitalizes website development costs that consist of costs incurred to develop internet websites to earn revenue with respect to the Company’s business operations. Costs are capitalized in accordance with International Accounting Standard (“IAS 38”), Intangible assets and SIC Interpretation 32, Intangible assets – website costs and are amortized on a straight-line basis over 3 years from when the internet web site has been completed.

2. Significant Accounting Policies (Continued)

j) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars. At the time of consolidation and financial reporting the following conversion methods are used:

Translation of Foreign Currency Transactions
At each statement of financial position date, foreign currency monetary items are translated to reflect the exchange rate at the statement of financial position date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are recorded in profit and loss.

Translation of Foreign Operations
The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

k) Income Taxes

Current Income Tax
Current income tax assets and liabilities for the current period 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, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

l) Research and Development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the years ended December 31, 2020 and 2019.

Government grants for research and development are recorded as a recovery of the cost of those expenditures at the earliest of when the assistance is received or receivable.

m) Impairment of Non-financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

n) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

o) Revenue Recognition

Revenue from Contracts with Customers
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.

Game and Film Revenue
The Company recognizes revenue from investments in films when the significant risks and rewards of ownership have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the Company does not retain either continuing managerial involvement or effective control.

2. Significant Accounting Policies (Continued)

o) Revenue Recognition (continued)

Royalties received from investments in games is recognized as revenue when amounts become due to the Company, based on the sale of the games to users. Revenues are recognized at the later of when the subsequent sale or the performance obligation to which some or all the sales royalty has been allocated and has been satisfied.

Immersive Experiences Revenue
The Company, through its subsidiary Fantasy 360, 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.

Software Development Services
The Company recognizes revenue from the provision of software development services. Revenue is recognized upon completion of the development and transfer of the finished product to the customer.

p) Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of loss and comprehensive loss. For the year ended December 31, 2020 and 2019, other comprehensive income is related to the effects of currency translation adjustments.

q) Unit Offerings

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

r) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting conditions are determined by the Board of Directors.

2. Significant Accounting Policies (Continued)

s) Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases (“IAS 17”) using the modified retrospective approach, under which the cumulative effect of initial application was recognized on the statement of financial position as at January 1, 2019 without restating the financial statements on a retrospective basis. The most significant effect of the new standard was the lessee’s recognition of the initial present value of unavoidable future lease payments as right-of-use (“ROU”) assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases. Leases with durations of 12 months or less and leases for low-value assets may be exempted.

The Company had an office lease for its headquarters in Vancouver, British Columbia which the Company also subleases out. In the context of the transition to IFRS 16, a lease liability of $201,152 and a lease receivable of $243,455 and reduction to opening retained earnings of $47,697 were recognized as at January 1, 2019, in accordance with the modified retrospective approach (Notes 7, 11 and 14). As a transitional practical expedient permitted by IFRS 16 as at January 1, 2019, only contracts that were previously identified as leases applying IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease, were assessed as part of the transition to the new standard. Only contracts entered into (or modified) after January 1, 2019 have been assessed for being, or containing, leases applying the criteria of the new standard. As of December 31, 2020 all lease assets and liabilities are $Nil.

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities, the valuation of the lease receivables and the valuation of ROU assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

The ROU assets are recognized initially at the value of lease liabilities at recognition with any prepaid payments, initial direct costs and dismantling costs less any lease incentives received. Re-measurements will not be applied by the Company subsequently, except for assessment for impairment, where appropriate.

The lease term determined by the Company comprises the non-cancellable period of lease contracts; the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option. The amortization rate of ROU assets is based on the lease term determined. The present value of the lease payment is determined using the discount rate representing the weighted average incremental borrowing rate the Company could secure. There are no restrictions or covenants imposed by the Company’s leases.

t) Recent Accounting Pronouncements

As the date of authorization of these consolidated financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement.

New standards, interpretations and amendments either not adopted are not expected to have a material impact on the Company’s consolidated financial statements.

(Expressed in Canadian dollars)

3. Discontinued Operations

a) FansUnite

Prior to March 18, 2020, the Company held 16,950,000 shares which represented a 48.55% interest in and had de facto control over FansUnite and, as a result, the Company presented the assets, liabilities, certain reserves, and results of operations of FansUnite in its consolidated financial statements. On March 18, 2020, the Company transferred 7,725,000 shares of FansUnite to various strategic partners in anticipation of a financing closing. On March 26, 2020, FansUnite completed a private placement which reduced the Company's ownership to 13.89%. Accordingly, at March 26, 2020, the Company deconsolidated FansUnite and recognized a gain on deconsolidation of associate of $4,311,300. After this de-consolidation date, the investment is recorded as an investment measured at fair value under IFRS 9 (Note 9).

For the year ended December 31, 2019 and for the period from January 1, 2020 to March 26, 2020, the net loss from FansUnite is reported as loss from discontinued operations. Total assets and liabilities of FansUnite are reported as assets and liabilities from discontinued operations as separate line items on the consolidated financial statements under IFRS 5.

The net loss from FansUnite is as follows:

		January 1, 2020 to March 26, 2020		Year ended December 31, 2019
Expenses				
Amortization	$	85,358	$	341,866
Foreign exchange (gain) loss		(836)		6,339
General and administrative		45,123		202,391
Professional fees		42,585		387,585
Salaries and wages		77,778		861,977
Sales and marketing		36,241		444,532
Share based payments		84,813		625,838
Loss before other items		(371,062)		(2,870,528)
Other items				
Interest income		206		6,305
Loss on debt settlement		-		(62,501)
Fair value gain on digital currencies		16,686		17,228
		16,892		(38,968)
Net loss	$	(354,170)	$	(2,909,496)

(Expressed in Canadian dollars)

3. Discontinued Operations (Continued)

a) FansUnite (continued)

The major classes of assets and liabilities of FansUnite are as follows:

		December 31, 2019
Assets		
Cash	$	84,058
Accounts Receivable		18,201
Prepaid expenses and deposits		154,058
Digital currencies		42,902
Long-term receivable		161,559
Intangible assets		922,888
Property and equipment		3,375
Total Assets from FansUnite Discontinued Operations	$	1,387,041
Liabilities		
Accounts payable and accrued liabilities	$	197,643
Due to related parties		658,212
Total Liabilities from FansUnite Discontinued Operations	$	855,855

The following table provides details of the cash flow from operating and investing activities of FansUnite:

		January 1, 2020 to March 26, 2020		Year ended December 31, 2019
Net cash flows used in operating activities	$	(124,490)	$	(1,830,530)
Net cash flows provided by investing activities	$	-	$	1,026,102
Net cash flows provided by (used in) financing activities	$	54,877	$	(85,238)

b) Victory Square Health

On June 3, 2020, Victory Square Health entered into an agreement with Safetest Comercio de Diagnosticos Ltd. ("Safetest") whereby Victory Square Health acquired all outstanding shares of Safetest and therefore 100% ownership of the assets and intellectual property in exchange for the issuance of 80% of the common shares of Victory Square Health. Victory Square also contributed $400,000 in the form of an obligation to deliver cash. As at December 31, 2020, the company has paid the entire balance of the obligation.

The Company's interest was reduced from 100% to 20% as a result of this transaction (Note 9). Accordingly, the Company deconsolidated Victory Square Health and recognized a gain on deconsolidation of $696,328. The investment in Victory Square Health will subsequently be recognized at fair value under IFRS 9 (Note 9).

For the period prior to deconsolidation, Victory Square Health had a $14,020 net loss (2019 - $Nil). There were no adjustments required for the discontinued cash flows due to Victory Square Health's inactivity during these periods. Total assets and liabilities of Victory Square Health are reported as assets and liabilities from discontinued operations as separate line items on the consolidated financial statements under IFRS 5.

For the year ended December 31, 2020, cash flows from discontinued operations relating to Victory Square Health were $14,020 (2019 - $Nil) used in operating activities, and $68,000 provided by financing activities (2019 - $Nil).

(Expressed in Canadian dollars)

3. Discontinued Operations (Continued)

b) Victory Square Health (continued)

The major classes of assets and liabilities of Victory Square Health are as follows:

		December 31, 2019
Assets		
Personalized Biomarkers Inc. Investment	$	227,081
GST Receivable		337
Total Assets from VSH Discontinued Operations	$	227,418
Liabilities		
Due to VST	$	261,726
Total Liabilities from VSH Discontinued Operations	$	261,726

4. Cash and Cash Equivalents

Cash and cash equivalents include $11,500 (2019 – $11,500) of cash held in a GIC and $3,000 (2019 - $14,750) drawdown on a line of credit.

5. Prepaids

Prepaids consist of the following:

		December 31, 2020		December 31, 2019
Marketing fees	$	221,951	$	150,000
Sponsorships		6,250		31,250
Rental deposits		13,297		11,159
Insurance		-		24,644
Transfer agent		18,240		2,166
Consulting		125,514		3,000
Software		5,305		-
Deposit on medical supplies		44,562		-
Legal		64,684		-
Total prepaids	$	499,803	$	222,219

6. Trade Receivables

Trade receivables consists of the following:

		December 31, 2020		December 31, 2019
Immersive services	$	63,565	$	107,359
Other		8,668		676
Total receivables	$	72,233	$	108,035

(Expressed in Canadian dollars)

7. Lease Receivable

In 2018, the Company entered into an office sublease agreement for monthly payments of $17,000. On January 1, 2019, in accordance with the adoption of IFRS 16, the Company recorded a lease receivable with a present value of $243,455 determined through discounting future cash flows at a discount rate of 8%. During the year ended December 31, 2020, accretion of $435 (2019 - $11,110) was recorded on the lease and is included in interest income in the consolidated of income (loss) and comprehensive income (loss). The lease ended during the current year.

Lease transactions for the year ended December 31, 2019 and 2020 are as follows:

Balance, January 1, 2019 on transition	$	243,455
Payments received		(204,000)
Accretion		11,110
Balance, December 31, 2019		50,565
Recognition of deferred lease revenue		(51,000)
Accretion		435
Balance, December 31, 2020	$	-

8. Loan Receivable

During the year ended December 31, 2018, GameOn Entertainment entered into a project financing agreement with Just Games Interactive Entertainment LLC ("Just Games") for $1,256,350 (USD $1,000,000) for the development and publishing of a mobile game. In exchange, GameOn Entertainment was to receive a royalty of 20% of the gross revenues generated by the game.

On February 1, 2019, the investment was converted to a loan receivable. The loan was unsecured and bore interest at 30%. The loan and interest were to be repaid in monthly installments which varied from USD $50,000 to USD $75,000 from July 2019 to November 2021. On modification, GameOn Entertainment recognized a gain of $410,554 on the modification of the investment to a loan receivable.

On April 16, 2020, FansUnite purchased 50% of the loan receivable as well as a 100% interest in two minor investments from GameOn Entertainment for 3,142,857 common shares of FansUnite (Note 9). The shares issued are subject to vesting provisions over the period during which monthly payments are to be made on the loan receivable and FansUnite had the option to buy back any of the unvested shares at a price of $0.00001 per share if any payments were not received.

On October 9, 2020, GameOn Entertainment and the Company closed an assignment and subrogation agreement with FansUnite to transfer 50% of the Just Games loan receivable held by FansUnite back to the GameOn Entertainment in exchange for the settlement of outstanding debts of $658,212 owed to the Company and 501,484 shares being repurchased by FansUnite from the previously issued shares to the Company (Note 9).

On December 10, 2020, the GameOn Entertainment entered into a further amending agreement with Just Games, modifying the terms of the loan receivable to be paid in three installments of $25,000, $250,000, and $1,422,912 on December 31, 2020, January 31, 2021, and March 31, 2021. The fair value of the loan was deemed to be the present value of the 3 repayments. This resulted in a balance of $1,697,912 and a loss on modification of the loan receivable of $20,212 for the year ended December 31, 2020. The loan was repaid in full, subsequent to December 31, 2020.

During the year ended December 31, 2020, the Company received payments of $104,042 (2019 - $314,668) on the loan and recorded interest income of $251,693 (2019 - $416,709) and a foreign exchange gain of $97,858 (2019 - $17,524).

(Expressed in Canadian dollars)

8. Loan Receivable (Continued)

The loan receivable is as follows:

		December 31, 2020		December 31, 2019
Current portion	$	1,697,912	$	557,784
Long term portion		-		914,831
	$	1,697,912	$	1,472,615

9. Investments

The Company's investments consist of the following:

Investment		December 31, 2020		December 31, 2019
FansUnite (2)	$	9,335,991	$	-
1108641 BC Ltd. (3)		884,874		1,676,118
Cassia, dba CoPilot (1)		1,362,211		1,346,819
Victory Square Health (2)		13,000,000		-
Turnium (2)		1,425,000		936,000
TLA Films, LLC (3)		755,775		907,329
Talo Flow (4)		413,790		641,496
Aspen (4)		620,000		620,000
Flo Digital (1)		-		460,275
Cloud Benefit, dba Cloud Advisors (2)		263,500		300,000
Shop & Shout, dba Creator.co (2)		120,905		-
Silota, dba Covalent (2)		533,000		-
Bonavita Investment Group Ltd. (3)		100,000		-
Other (1) (2)		61,254		223,864
	$	28,876,300	$	7,111,901

The investments are accounted for as follows: (1) IAS 28, Investment in Associates and Joint Ventures (2) IFRS 9, Financial Instruments and (3) IAS 38, Intangible Assets, (4) IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

a) FansUnite

On March 26, 2020, FansUnite completed a private placement which reduced the Company's ownership to 13.89% resulting in the Company deconsolidating FansUnite and recognizing a gain on deconsolidation of subsidiary of $4,311,300 (Note 3).

On April 16, 2020, GameOn Entertainment received 3,142,857 shares of FansUnite in connection with the sale of 50% of the loan receivable from Just Games Entertainment as well as two other minor investments (Note 8).

On October 9, 2020, FansUnite repurchased 501,484 shares at a nominal price of $0.0001 per share for $5.01 in total in connection with an assignment and subrogation agreement whereby FansUnite returned the previously purchased 50% interest in the Just Games Entertainment loan receivable (Note 8).

In December 2020, the Company sold 910,714 shares of FansUnite for net proceeds of $737,334 and recognized a gain on the sale of $539,873.

For the year ended December 31, 2020, the cumulative fair value gain on FansUnite shares was $5,062,750, plus the portion of the realized gain of $539,873 for a total gain on investment of $5,602,623. As at December 31, 2020 the Company held 10,955,659 shares or 7.02% of FansUnite with a market value of $12,051,225. Given these shares are held in escrow with release dates from May 2021 to May 2023, the discounted fair value as at December 31, 2020 is $9,335,991, or a 23% weighted average discount rate.

9. Investments (Continued)

b) 1108641 BC Ltd.

During the year ended December 31, 2018, the Company entered into a project financing agreement with 1108641 BC Ltd. to provide $3,410,500 (USD $2,500,000) to further development, marketing, and commercialization of a game in exchange for a revenue share.

During the year ended December 31, 2019, the agreement was revised, reducing the required amount to be funded by the Company to USD $1,500,000. As at December 31, 2019, $1,894,065 (USD $1,500,000) has been advanced with $217,947 in amortization recognized for a December 31, 2019 balance of $1,676,118. The investment is being amortized over a period of 3 years from the date of soft launch of the game on August 27, 2019.

During the year ended December 31, 2020, the Company recorded amortization of $632,507 and recognized an impairment of $158,737 to reduce the investment to $884,874.

c) Cassia, dba CoPilot

During the year ended December 31, 2018, the Company entered into an agreement to purchase a 23.1% interest in the issued and outstanding common shares of CoPilot 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 December 31, 2020, the Company holds an interest of 25.7% in Cassia (Note 19).

During the year ended December 31, 2020, the Company recorded an equity gain of $15,392 (2019 – loss of $28,834) on its investment in Cassia. As at December 31, 2020, the balance of the investment is $1,362,211 (2019 - $1,346,819).

d) Victory Square Health

On June 3, 2020, Victory Square Health entered into an agreement with Safetest whereby Victory Square Health acquired all outstanding shares of Safetest and therefore 100% ownership of the assets and intellectual property in exchange for the issuance of 80% of the common shares of Victory Square Health. The investment in Victory Square Health was valued on June 3, 2020 and initially recognized at $1,048,000 on the date of loss of control. The Company's interest was reduced to and remains at 20% of Victory Square Health. The Company deconsolidated Victory Square Health on this date and recognized a gain on deconsolidation of $696,328 (Note 3).

At December 31, 2020, the value of the Company's 20% investment in Victory Square Health was fair valued at $13,000,000, resulting in a fair value gain of $11,952,000.

e) Turnium

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

On October 1, 2020, Multapplied, along with M.N.I. Investment Holdings Ltd., Plait Networks Ltd., Turnium, and Turnium Technology Ltd. amalgamated as one company under the name Turnium. Following the amalgamation, the Company held 3,109,183 shares of Turnium for a total 6.4% equity interest.

During the year ended December 31, 2020, the Company recorded a fair value gain of $489,000 (2019 - $Nil) on Turnium and the fair value was increased to $1,425,000 (2019 - $936,000).

9. Investments (Continued)

f) TLA Films, LLC

During the year ended December 31, 2018, GameOn Entertainment entered into an agreement to provide a portion of the financing for the production of the film "The Opening Act" for $647,569. An additional $259,760 was advanced during the year ended December 31, 2019. Based on the estimated budget of $3,160,320 (USD $2,400,000), the Company's proportionate share of net earnings will be 20%. The film was released on October 16, 2020 is amortized from this date per Note 2(g). The Company recorded $151,554 in amortization on the investment for the period end December 31, 2020. The value of the investment as at December 31, 2020 is $755,775 (2019 - $907,329). No revenues have been recorded on the investment for the period ended December 31, 2020 due to a lag in the collection and distribution of film royalties.

g) Talo Flow

During the year ended December 31, 2018, the Company purchased a 9.09% percent interest in the issued and outstanding shares of Talo Flow for $641,496 (USD $500,000).

This investment was classified as held for sale as of December 31, 2020 and carried at the fair value less costs to sell which was determined to be USD $325,000 or $413,790 Canadian equivalent at December 31, 2020. This resulted in a fair value loss of $227,706. The investment was sold subsequent to year-end (Note 26).

h) Aspen

On October 10, 2017, the Company acquired a 59.26% interest in the issued and outstanding common shares of Aspen, a company related by common directors, for $16.

On December 6, 2017, the Company's interest was diluted to 48.34%. 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, derecognized the assets and liabilities of Aspen and recognized the retained investment in Aspen at its fair value. 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.

On January 25, 2018, the Company's interest was diluted to 36.17% and then to 20.26 % on October 5, 2018.

During the year ended December 31, 2020, the Company's investment in Aspen which includes the investment balance of $620,000, the receivable of $2,072,015 (Note 19), and the payable of $280,598 ($77,754 due to Aspen and $202,844 due to Limitless Blockchain Technology LLC, "Limitless") (Note 19) were all classified as held for sale under IFRS 5. The three balances which net to an asset of $2,411,417 were carried at the lower of carrying amount and fair value less costs to sell.

Subsequent to December 31, 2020, the Company acquired certain assets from Aspen for 4,600,048 common shares of the Company with a fair value of $0.80 per common share. These assets were sold subsequent to the purchase to Cloud Nine Web Technologies Inc. ("Cloud Nine") for 4,411,765 common shares of Cloud Nine with a fair value of $1.36 per share (Note 26).

9. Investments (Continued)

i) Flo Digital

During the year ended December 31, 2018, the Company purchased a 49% interest in the issued and outstanding shares of Flo Digital through the issue of 446,428 common shares of the Company with a fair value of $999,999. 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 had advanced $25,000 of the loan (Note 19).

During the year ended December 31, 2020, the Company recorded an equity loss of $Nil (2019 - $512,390) on its investment in Flo Digital.

During the year ended December 31, 2020, the Company determined this investment to be impaired and recognized an impairment loss of $460,275 on the investment balance plus an impairment loss on related party loans of $25,000 (Note 19). The balance of the Company's investment in Flo Digital as at December 31, 2020 was $Nil (2019 – $460,275).

j) Cloud Benefit, dba Cloud Advisors

During the year ended December 31, 2018, the Company purchased 15% of the outstanding common shares of Cloud Benefit (dba Cloud Advisors) for $300,000.

During the year ended December 31, 2020, the Company recorded a fair value loss of $36,500 (2019 - $Nil) on Cloud Advisors and the fair value was decreased to $263,500 (2019 - $300,000).

k) Shop & Shout, dba Creator.co

On November 23, 2020, the Company invested $100,300 for 118,000 shares of Creator.co at a price of $0.85 per share. This interest represents 1% of the issued and outstanding shares of Shop&Shout (dba Creator.co). The Company was also issued 58,824 stock options with an exercise price of $0.85 vesting in two equal installments of 29,412 being on the date of grant (December 3, 2020) and one year thereafter (December 3, 2021). The options were valued using the Black-Scholes Option Pricing Model resulting in an asset and gain of $20,605. The total investment held in Creator.co as of December 31, 2020 is $120,905.

l) Silota, dba Covalent

During the year ended December 31, 2020, the Company invested $60,000 cash via a convertible note (Note 19) and $24 cash for 238,500 common shares representing 12.5% of Silota (dba Covalent). For the year ended December 31, 2020, the Company recognized a fair value gain of $532,976 on the shares held and $13,834 on the convertible note (Note 19). The ending value of the investment as at December 31, 2020 was $533,000 in investment, and $73,834 in convertible note (Note 19).

m) Bonavita Investment Group Ltd.

On August 11, 2020, the Company entered into an agreement to provide $100,000 to Bonavita Investment Group Ltd. ("Bonavita") to create a diverse portfolio which will concentrate on film and technology ventures. The funds were applied to a film called "Crisis" which was released on February 26, 2021.

n) Other

The Company has minor investments in other private companies. During the year ended December 31, 2020, the Company recorded an equity gain of $2,340 (2019 – loss of $898,385) and an impairment of $100,000 (2019 - $1,975,702) on these investments.

The Company disposed of one other investment for $40,000 cash proceeds and two other investments were transferred to FansUnite in the loan receivable transaction in April 2020 (Note 8).

During the year ended December 31, 2020, the Company recorded $120,950 as a fair value loss on one of the other investments.

(Expressed in Canadian dollars)

10. Acquisition

On December 1, 2020, GameOn Entertainment entered into an agreement to acquire the assets of GameOn App Inc. for 15,199,985 common shares with a fair value of $3,799,996, representing 35.2% of the outstanding common shares of the Company. In addition, GameOn Entertainment agreed to assume USD $274,400 in liabilities of GameOn App Inc. and agreed to issue to Matthew Bailey, the CEO of GameOn App Inc., a convertible note in the amount of USD $92,000 (Note 16) maturing on December 1, 2022. The convertible note is convertible into common shares at the option of the holder at a conversion price of $0.25 per common share. Certain contingent share consideration was also included in the purchase price under IFRS 3. These contingent shares are to be issued on the event of GameOn Entertainment going public. The transaction closed on December 31, 2020.

The acquisition was treated as a business combination. In accordance with IFRS 3 Business Combinations, the fair value of the common shares in excess of the fair value of the identifiable assets and liabilities acquired was recognized as goodwill. GameOn Entertainment will begin amortizing the intangible asset when it is fully ready for use and ready to be released to market.

The acquisition was recorded as follows:

		Acquisition of GameOn
Fair value of consideration		
Common shares	$	3,799,996
Convertible note		119,159
Bonus share consideration		104,542
	$	4,023,697
Assets and liabilities acquired		
Intellectual property	$	941,000
Assumed liabilities		(350,086)
Goodwill		3,432,783
	$	4,023,697

Goodwill calculated in this acquisition essentially represents the expected synergies from combining the operations of GameOn App Inc. with those of GameOn Entertainment, revenue growth, future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting economic impact cannot be measured reliably. Goodwill is non-deductible for tax purposes.

The impact of the acquisition on revenues and the gross margin is presented below:

		December 31, 2020
Revenues	$	2,626
Net loss	$	37,312

The table below shows GameOn Entertainment's share of revenues and net loss for the year ended December 31, 2020 as if the acquisition of GameOn App Inc. had taken place on January 1, 2020:

		December 31, 2020
Revenues	$	2,626
Net loss	$	1,239,424

The actual proforma profit or loss includes the additional financing costs and additional charges arising from the acquisition, net of related tax effects.

(Expressed in Canadian dollars)

10. Acquisition (Continued)

The supplementary proforma information is based on estimates and assumptions that are deemed reasonable. The supplementary proforma information is not necessarily representative of the GameOn Entertainment's future consolidated profit or loss, or profit or loss that would have been achieve if the business acquisition had taken place on January 1, 2020.

On December 1, 2020, in concurrence with the closing of the asset purchase agreement, GameOn Entertainment signed an employment agreement with the CEO of GameOn App Inc. to come on as the CEO of GameOn Entertainment. In addition to the regular annual salary, the CEO has also been granted 2,000,000 common shares to be issued in tranches upon the achievement of certain performance milestones. As at December 31, 2020, no shares have yet been issued in relation to the milestone shares.

In addition to the milestone shares, the CEO will also receive a USD$100,000 cash bonus and $150,000 worth of stock options in the event of GameOn Entertainment going public. The stock options are exercisable at $0.04 per share for a period of two years.

From the period December 1, 2020 to December 31, 2020, GameOn Entertainment made $112,431 in payments against the assumed debt noted above, leaving a balance in other payables of $237,655 as at December 31, 2020 (Note 15).

11. Property and Equipment

Property and equipment consist of the following:

	Computer Equipment	Furniture and Other Equipment	Right of Use Asset	Total
Cost				
Balance, December 31, 2018	17,940	-	-	133,352
Addition (Note 14)	4,197	11,386	346,603	362,186
Balance, December 31, 2019	$ 16,465	$ 11,386	$ 346,603	$ 495,538
Addition	2,412	-	-	2,412
Disposal (Note 14)	-	(7,500)	(346,603)	(354,103)
Balance, December 31, 2020	$ 18,877	$ 3,886	$ -	$ 143,847
Accumulated depreciation				
Balance, December 31, 2018	(5,315)	-	-	(5,315)
Depreciation	(6,244)	(2,523)	(52,038)	(176,217)
Balance, December 31, 2019	$ (9,263)	$ (2,523)	$ (52,038)	$ (181,532)
Depreciation	(5,807)	(1,712)	(10,194)	(17,713)
Disposal	-	2,292	62,232	64,524
Balance, December 31, 2020	$ (15,070)	$ (1,943)	$ -	$ (134,721)
Net book value, December 31, 2019	$ 7,203	$ 8,863	$ 294,565	$ 310,631
Net book value, December 31, 2020	$ 3,808	$ 1,943	$ -	$ 5,751

The right of use asset is being amortized over the term of the lease (68 months) on a straight-line basis.

12. Loan Payable

On August 17, 2017, GameOn Entertainment entered into a loan agreement with Runway Finance Group Inc. ("Runway") for $400,000. The loan bears interest at 16% and matures on August 16, 2020. GameOn Entertainment is required to make repayments as follows:

- 100% of the proceeds from GameOn Entertainment's 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 GameOn Entertainment's 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 GameOn Entertainment under a June 14, 2016 mobile game publishing agreement; and
- 50% of the proceeds from Canada Media Fund payments to be received by GameOn Entertainment 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 GameOn Entertainment as well as an assignment of the payments to be received for SRED, BC IDMTC and the mobile game publishing agreement.

During the year ended December 31, 2020, GameOn Entertainment recognized a gain on settlement of debt of $72,444 to adjust the carrying value of the loan down to the amount stated in a demand letter received from the lender dated July 27, 2020.

During the year ended December 31, 2020 the interest on the loan was $39,093 (2019 - $45,300). The balance of the loan as of December 31, 2020 is $295,078 (2019 - $328,428). Subsequent to year end, GameOn Entertainment settled the loan payable through the issuance of shares (Note 26).

13. CEBA loans

The Canada Emergency Business Account (CEBA) loan originally launched on April 9, 2020 and is intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rate of interest is treated as a government grant. Four of the Company's subsidiaries applied for and received the first $40,000 in funds, and the same four entities applied the additional $20,000. Only three entities received this additional amount in the year ended December 31, 2020. The full value of the grant has been spent in the course of business operations and the gain has been recognized in other income.

The loans were recognized at fair value using the Company's incremental borrowing rate of 20%. The difference between this discounted value of $114,828 and the proceeds received of $220,000 was recognized as a gain on CEBA loans of $105,172. The loan also had accretion of $8,577 for the period ended December 31, 2020. The balance of the loan as at December 31, 2020 was $123,405.

14. Leases Payable

In 2018, the Company entered into an office lease with monthly payments of $15,000. On January 1, 2019, in accordance with the adoption of IFRS 16, the Company recorded a lease payable with a fair value of $201,152 determined through discounting future cash flows at a discount rate of 8%. During the year ended December 31, 2019, accretion of $8,669 was recorded on the lease and is included in interest expense in the consolidated statement of income (loss) and comprehensive income (loss).

(Expressed in Canadian dollars)

14. Leases Payable (Continued)

On April 1, 2019, the Company entered into an office lease for a term of 68 months. Monthly lease payments were $10,000. The fair value of the lease liability and the corresponding right of use asset was $346,603 at the inception of the lease determined through discounting the future cash flows at a discount rate of 8%. During the year ended December 31, 2020, accretion of $3,984 (2019 - $18,791) was recorded on the lease and is included in interest expense in the consolidated statement of loss and comprehensive loss. On February 29, 2020, the lease was transferred to a third party and the liability was extinguished. At February 29, 2020, the Company recorded a disposal of the lease liability and a disposal of the right of use asset (Note 11).

Lease transactions for the year ended December 31, 2020 are as follows:

Balance, January 1, 2019 on transition	$	201,152
Additions		346,603
Payments made		(247,879)
Accretion		27,460
Balance, December 31, 2019	$	327,336
Payments made		(42,272)
Accretion		3,984
Disposal of lease		(289,048)
Balance, December 31, 2020	$	-

15. Other Payables

Other payables consist of the following:

		December 31, 2020		December 31, 2019
Funds received from investors for investments not proceeding	$	158,766	$	158,766
Assumed GameOn App Inc. debt		237,655		-
Other		8,000		-
	$	404,421	$	158,766

During the year ended December 31, 2020, the Company recorded $955 (2019 - $Nil) in interest expense on other payables.

16. Convertible Note and Derivative Liability

On December 1, 2020, the Company issued a convertible promissory note for USD $92,000 to Matthew Bailey in relation to the asset purchase agreement with GameOn App Inc. (Note 7). The note is non-interest bearing, convertible at any time by the holder at a price of $0.25 per share and matures on December 1, 2022.

The conversion feature of the debentures was classified as a derivative liability due to the exercise price being denominated in a different currency than the face value of the note. The derivative is recorded at fair value on recognition and at each subsequent reporting date the changes in fair value are recognized in the statement of income (loss) and comprehensive income (loss). On recognition, the fair value of the derivative was calculated using the Black Scholes Option Pricing Model with the residual value attributed to the convertible note.

(Expressed in Canadian dollars)

16. Convertible Note and Derivative Liability (Continued)

Convertible promissory note:

Face value of debentures on issuance	$	119,159
Bifurcation of derivable liabilities		(112,716)
Interest and accretion		2,439
Impact of foreign exchange		(124)
At December 31, 2020	$	8,758

Derivative liability:

Fair value on bifurcation	$	112,716
Gain on fair value		(14,820)
At December 31, 2020	$	97,896

The Company uses the Black Scholes Option Pricing Model to calculate the fair values of the derivative liabilities. The following table shows the assumptions used in the calculations:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
As at December 1, 2020	272%	0.25%	0%	2.0
As at December 31, 2020	201%	0.20%	0%	1.9

17. Convertible Debentures

On May 10, 2019, GameOn Entertainment issued convertible debentures for gross proceeds of $1,319,000. The debentures bear interest at 8% and are convertible into common shares of GameOn Entertainment at a price of $0.25 per share. If not converted into shares, the debentures are repayable by May 10, 2021. Issue costs of $88,618, including finders' warrants with a fair value of $5,179, were incurred in connection with the debentures.

The debentures were initially recorded at a fair value of $1,104,914 less issue costs of $74,235 for a net value of $1,030,679. The equity component of the debentures was recorded at a value of $214,086 less issue costs of $14,383 for a net value of $199,703.

During the year ended December 31, 2020, GameOn Entertainment recorded accretion and interest of $255,669 (2019 - $161,524) on the debentures. As at December 31, 2020, the carrying amount of the debentures is $1,447,872 (2019 - $1,192,203) including accrued interest.

During the year ended December 31, 2020, GameOn Entertainment also received a further $50,000 and refunded $185,000 (2019 – received $230,000) in advance of the issuance of additional convertible debentures. The net deposit on convertible debentures as at December 31, 2020 is $95,000.

(Expressed in Canadian dollars)

18. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

At December 31, 2020, there were 76,491,818 common shares outstanding (2019 – 73,054,850).

Shares Issued during the year ended December 31, 2020

On May 5, 2020, the Company issued 2,726,317 common shares with a fair value of $218,105 to settle debt of $218,105. Debt of $195,000 was settled with an officer and director of the Company for 2,437,500 common shares. An additional debt of $23,105 with a former CEO was settled for 288,817 common shares.

On November 9, 2020, the Company issued 585,651 shares with a fair value of $266,471 in relation to the special warrants financing transaction on that date.

During the year ended December 31, 2020 the Company issued 125,000 common shares in relation to the exercise of stock options for proceeds of $18,750 per the stock option agreement at an exercise price of $0.15 per common share.

Shares Issued during the year ended December 31, 2019

During the year ended December 31, 2019, 496,383 common shares with a fair value of $188,272 were issued in connection with the acquisition of 16.8% of PiiK Games Inc. (“PiiK”).

During the year ended December 31, 2019, 282,981 common shares with a fair value of $91,969 were issued as consulting fees in connection with the acquisition of PiiK.

Warrants

There were 292,825 warrants outstanding of the Company as at December 31, 2020. The warrants were issued to a broker in connection with the special warrants financing described below. The warrants are exercisable at a price of $0.78 per share until November 9, 2023.

Special Warrants

On November 9, 2020 the Company closed a special warrants financing transaction, issuing 11,713,053 special warrants at $0.52 per special warrant for gross proceeds of $5,590,788 and settlement of $500,000 in debt to the CEO of the Company. After agent, legal, and syndicate costs, the net proceeds received by the Company were $4,832,656. Each special warrant converts to 1 common share and ½ warrant, of which each full warrant can be exercised to purchase a common share of the Company at $0.78.

As a part of the transaction, 784,867 broker’s warrants were issued, which convert to 1 common share and ½ agent’s warrant, of which each full agent’s warrant can be exercised to purchase a common share of the Company at $0.52. Additionally, 585,651 common shares were issued with a fair value of $266,471 on the date of the financing close, as well as 585,651 CF fee warrants, or 292,825 full warrants, of which each full warrant can be exercised to purchase a common share of the Company at $0.78. The fair value of warrants was estimated to be $427,165. In addition, the Company incurred other issue cost totalling $508,131.

The net proceeds of special warrants were $4,889,021.

All special warrants, broker’s warrants, and CF fee warrants are exercisable until November 9, 2023.

Subsequent to December 31, 2020, the special warrants were converted to 1 common share and ½ warrant (Note 26).

	Warrants	Agent Warrants	Special Warrants
Balance, December 31, 2019	-	-	-
Granted	292,825	784,867	11,713,053
Balance, December 31, 2020	292,825	784,867	11,713,053

(Expressed in Canadian dollars)

18. Share Capital (Continued)

	Warrants	Agent Warrants	Special Warrants
Exercise price	$ 0.78	$ 0.52	$ 0.78
Expiry	November 9, 2023	November 9, 2023	November 9, 2023
Conversion	Elected by holder	Elected by holder	Automatically upon filing of final prospectus (Note 26)
Converts to	1 common share of the Company	1 common share and 1/2 warrant, 1 full warrant exercisable at $0.78 to purchase 1 common share of the Company	1 common share and 1/2 warrant, 1 full warrant exercisable at $0.78 to purchase 1 common share of the Company

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.

During the year ended December 31, 2019, the Company's board of directors authorized the issue of 5,000,000 stock options to employees, officers, directors and key advisors. The stock options are exercisable at $0.15 for a period of 5 years from the date of issue. Share-based payments of $967,386 were recorded in the statement of loss and comprehensive loss for the year ended December 31, 2019 relating to the immediate vesting of the options. The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 1.60%, volatility of 115.68%, expected life of 5 years and dividends of

Nil %. During the year ended December 31, 2020, no additional options were granted, however 125,000 options were exercised for proceeds of $18,750 and resulting in a $8,539 movement from contributed surplus to share capital for a total value recognized in share capital of $27,289.

Options outstanding at December 31, 2020 are as follows:

Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
$0.15	4,875,000	March 17, 2025

Stock options continuity for the year was as follows:

	Number of units
Balance, December 31, 2019	5,000,000
Granted	-
Exercised	(125,000)
Expired	-
Balance, December 31, 2020	4,875,000

Obligation to Issue Shares of Subsidiary

During the year ended December 31, 2020, the Company received $2,170,349 in proceeds as deposits on shares to be issued of subsidiaries.

(Expressed in Canadian dollars)

18. Share Capital (Continued)

On December 31, 2020, GameOn Entertainment issued 3,990,212 common shares at a price of $0.25 per common share to settle $997,553 of this balance.

As at December 31, 2020, the remaining balance of $1,172,796 (2019 - $Nil) relates to shares to be issued in Fantasy 360 in 2021.

Reserves

Stock options reserve
The stock options reserve records items recognized as share-based payments expense.

Broker warrant reserve
The broker warrant reserve records fair value of warrants issued to brokers as part of financing transactions.

19. Related Parties

Related Party Transactions

During the years ended December 31, 2020 and 2019, the Company entered into the following transactions with related parties:

		December 31, 2020		December 31, 2019
Interest	$	13,034	$	1,270
Management fees	$	144,433	$	130,000
Share based payments for options issued to officers and directors	$	-	$	116,980
Professional and consulting fees	$	178,615	$	212,154
Director fees	$	-	$	19,016

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:

- $130,000 (2019 - $130,000) in management fees to the CEO;
- $14,433 (2019 - $Nil) in management fees to a director;
- $178,615 (2019 - $212,154) in professional fees to companies controlled by the CFO, for bookkeeping, corporate secretarial and CFO services; and
- $Nil (2019 - $19,016) in director fees to directors of the Company.

(Expressed in Canadian dollars)

19. Related Parties (Continued)

Due from Related Parties

		December 31, 2020		December 31, 2019
Due from Aspen (Note 9)	$	2,072,015	$	1,987,709
Due from a Director		52,750		50,000
Due from Victory Square Health (Note 3)		239,533		-
Due from FansUnite (Note 3)		-		339,481
Due from Silota, dba Covalent (Note 9)		73,834		-
Due from Cassia, dba CoPilot (Note 9)		2,095		-
Due from Flo Digital (Note 9)		-		25,000
	$	2,440,227	$	2,402,190

The majority of the amount due from Aspen is related to the sale of Limitless to Aspen and the resulting discounted receivable of $1,587,001 recognized on the date of sale. During the year ended December 31, 2020, the Company recorded accretion of $Nil (2019 - $242,944) in connection with the receivable. Accretion is included with interest income in the consolidated statement of income (loss) and comprehensive income (loss).

The amount due from a director is related to a prepayment made in 2018 for the sponsorship of a speaker series which has been cancelled.

The amount due from Victory Square Health is an intercompany receivable which was previously eliminated on consolidation, but which is now recognized as a result of the deconsolidation of Victory Square Health (Note 3).

The amount due from FansUnite is an intercompany receivable which was previously eliminated on consolidation, but which is now recognized as a result of the deconsolidation of FansUnite (Note 3). FansUnite amounts were settled in October 2020 (Note 8).

Amounts due from Aspen, FansUnite, Victory Square Health and the director are unsecured, non-interest bearing, and due on demand.

The loan due from Covalent is secured under a General Security Agreement, non-interest bearing, contains a conversion feature which has not been triggered as of the date of these financial statements, and has a term of 5 years. The Company originally provided funds of $60,000, and given the conversion feature of this loan, the $60,000 funds advanced plus the conversion feature resulted in a fair value gain of $13,834 for an ending balance as at December 31, 2020 of $73,834.

The amount due from CoPilot relates to payment of supplier invoices on behalf of the entity. The balance does not have a fixed repayment date and is non-interest bearing.

The loan due from Flo Digital has a term of 4 years and is non-interest bearing for the first year and bears interest at 4.45% thereafter. This amount was impaired to $Nil along with the Company's investment in Flo Digital as of December 31, 2020.

During the year ended December 31, 2020, an impairment of related party loans of $67,867 (2019 - $64,592) was recognized in net income. The current year loss relates to two loans: $25,000 due from Flo Digital which was written off with the investment balance; and $42,867 due from GameOn App Inc. which was forgiven after the acquisition (Note 10).

(Expressed in Canadian dollars)

19. Related Parties (Continued)

Due to Related Parties

		December 31, 2020		December 31, 2019
Due to Aspen	$	77,754	$	-
Due to Limitless		202,844		202,844
Due to CEO		75,220		393,447
Discontinued operations		-		(580,458)
	$	355,818	$	15,833

As at December 31, 2020, the Company has $77,754 (2019 - $Nil) in related party loans due to Aspen and $202,844 (2019 - $202,844) due to Limitless. These related party loans are unsecured, due on demand, and non-interest bearing. The related party loans are unsecured, due on demand, and bear interest at 3%. Subsequent to year end, these balances were settled (Note 26).

As at December 31, 2020, the Company has $75,220 (2019 - $393,447) in related party loans due to the CEO, which includes $Nil (December 31, 2019 - $12,984) in accrued interest. This related party loan is unsecured, due on demand, and bear interest at 3%. In the current year, a large portion of this balance and the total of accrued interest were settled via issuance of special warrants (Note 18).

Related Party Balances

At December 31, 2020, the Company has $315,001 (2019 - $249,976) 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.

20. Operating Segments

The Company operates in several segments, broken down by entity as follows:

Legal Entities	Segment
Draft Label	Software
PDL USA	Software
Fantasy 360	Immersive Services
GameOn Entertainment	Gaming
Victory Entertainment	Investments
Victory Square Technologies	Investments
VS Digital Health	Health
Victory Square Health	Discontinued (Note 3)
FansUnite	Discontinued (Note 3)

(Expressed in Canadian dollars)

20. Operating Segments (Continued)

Segmented operations were as follows as at and for the year ended December 31, 2020:

	Investments	Gaming	Software	Immersive Services	Health	Discontinued Operations	Total
Current assets	$ 4,722,050	$ 1,903,239	$ (323)	$ 270,762	$ 59,917	$ -	$ 6,955,646
Non-current assets	31,710,083	5,125,157	(1,385,975)	241,296	6,000	-	35,696,561
	$ 36,432,134	$ 7,028,396	$ (1,386,297)	$ 512,057	$ 65,917	$ -	$ 42,652,207
Current liabilities	$ 943,936	$ 2,558,922	$ 42,632	$ 165,349	$ 6,481	$ -	$ 3,717,321
Non-current liabilities	33,665	140,280	22,447	33,667	-	-	230,059
	$ 977,602	$ 2,699,202	$ 65,079	$ 199,016	$ 6,481	$ -	$ 3,947,380

	Investments	Gaming	Software	Immersive Services	Health	Discontinued Operations	Total
Revenue	$ 44,548	$ 2,626	$ 1,004	$ 1,441,468	$ -	$ -	$ 1,489,646
Cost of goods sold	(12,543)	(10,877)	(133,003)	(804,253)	(1,183)	-	(961,858)
Gross margin	32,005	(8,251)	(131,999)	637,216	(1,183)	-	527,788
Expenses	(2,110,147)	(928,882)	(203,427)	(726,578)	(35,260)	-	(4,004,295)
Other gains (losses)	23,401,838	(49,933)	17,541	208,282	-	-	23,577,728
Discontinued loss	-	-	-	-	-	(368,190)	(368,190)
Net income (loss)	$ 21,323,696	$ (987,065)	$ (317,886)	$ 118,919	$ (36,443)	$ (368,190)	$ 19,733,031

Segmented operations were as follows as at and for the year ended December 31, 2019:

	Investments	Gaming	Software	Immersive Services	Continuing Operations	Discontinued Operations	Total
Current assets	$ 403,549	$ 626,155	$ 4,038	$ 162,925	$ 1,196,667	$ 1,614,459	$ 2,811,126
Non-current assets	10,520,205	1,959,778	(1,277,773)	(462,157)	10,740,053	-	10,740,053
	$ 10,923,754	$ 2,585,933	$ (1,273,735)	$ (299,232)	$ 11,936,720	$ 1,614,459	$ 13,551,179
Current liabilities	$ 893,056	$ 897,212	$ 4,798	$ 549,585	$ 2,344,651	$ 1,117,581	$ 3,462,232
Non-current liabilities	245,360	1,192,203	-	-	1,437,563	-	1,437,563
	$ 1,138,416	$ 2,089,415	$ 4,798	$ 549,585	$ 3,782,214	$ 1,117,581	$ 4,899,795

	Investments	Gaming	Software	Immersive Services	Continuing Operations	Discontinued Operations	Total
Revenue	$ 468,768	$ 3,696	$ 1,027,181	$ 2,028,535	$ 3,528,180	$ -	$ 3,528,180
Cost of goods sold	-	-	(903,581)	(1,560,179)	(2,463,760)	-	(2,463,760)
Gross margin	468,768	3,696	123,601	468,356	1,064,420	-	1,064,420
Expenses	(2,378,010)	(350,510)	(174,516)	(1,056,183)	(3,959,219)	-	(3,959,219)
Other gains (losses)	(3,727,579)	629,864	84	(528)	(3,098,159)	-	(3,098,159)
Discontinued loss	-	-	-	-	-	(2,909,496)	(2,909,496)
Income tax expense	(15,119)	-	-	-	(15,119)	-	(15,119)
Net income (loss)	$ (5,651,941)	$ 283,050	$ (50,832)	$ (588,354)	$ (6,008,077)	$ (2,909,496)	$ (8,917,573)

21. 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 primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables, government sales tax receivable, lease receivable, loan receivable, and due from related parties. Based on the evaluation of receivables at December 31, 2020, the Company believes that its receivables are collectable, however, due to the current COVID-19 pandemic, there is an increase in the uncertainty of collectability and management has determined credit risk to be high.

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. Liquidity risk is assessed as high.

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.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. 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.

(Expressed in Canadian dollars)

21. Financial Risk Management (Continued)

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.

Cash, marketable securities and certain investments are measured using Level 1 inputs.

Investments in private companies are measured using level 3 inputs.

The Company's financial instruments consist of cash, trade receivables, marketable securities, certain investments, amounts due from related parties, advances, trade payables, loan payable and related party loans. The carrying value of financial instruments approximates the fair value at December 31, 2020.

22. 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 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 adjusts 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 year.

23. Revenue and Cost of Goods Sold

Revenue

		Year ended December 31, 2020		2019
Immersive experiences	$	1,440,140	$	2,021,981
Royalties		44,549		472,463
Software		4,957		1,033,736
	$	1,489,646	$	3,528,180

(Expressed in Canadian dollars)

23. Revenue and Cost of Goods Sold (Continued)

Cost of Goods Sold

		Year ended December 31,		
		2020		2019
Immersive experiences	$	804,253	$	1,570,112
Software		157,605		893,648
	$	961,858	$	2,463,760

24. Income Taxes

The following tables reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2020 and 2019.

		December 31, 2020		December 31, 2019
Loss before income tax	$	19,733,031	$	(8,917,573)
Tax rate		27%		27%
Expected income tax recovery		5,327,918		(2,407,745)
Increase (decrease) in income tax recovery resulting from:				
Non-deductible items and other		577,983		1,269,521
Foreign tax rate differences		-		6,115
Change in deferred tax asset not recognized		(5,905,901)		1,147,228
Total income tax expense (recovery)	$	-	$	15,119

		December 31, 2020		December 31, 2019
Non-capital losses (Canada)	$	9,058,795	$	10,197,583
True up on non-capital losses		(21,798)		(1,017,162)
Share issuance costs		574,502		71,361
Other		(5,373,101)		892,517
		4,238,398		10,144,299
Deferred tax asset not recognized		(4,238,398)		(10,144,299)
Deferred tax asset (liability)	$	-	$	-

The Company has non-capital loss carryforwards which may be carried forward to apply against future year income tax subject to the final determination by taxation authorities, expiring in the following years:

(Expressed in Canadian dollars)

24. Income Taxes (Continued)

Year of expiry		Canada		USA		Total
2033	$	1,000	$	613,000	$	614,000
2034		21,000		114,000		135,000
2035		53,000		71,000		124,000
2036		2,092,000		152,000		2,244,000
2037		1,669,000		-		1,669,000
2038		3,776,000		-		3,776,000
2039		158,000		-		158,000
2040		327,000		12,000		339,000
Total	$	8,097,000	$	962,000	$	9,059,000

25. Non-controlling Interest

Prior to December 1, 2020, the Company held 28,000,000, or 100%, of the issued and outstanding shares of GameOn Entertainment.

On December 1, 2020, GameOn Entertainment issued 15,199,985 shares as part of the consideration for the asset purchase from GameOn App Inc. (Note 10). The shares were issued at a price of $0.25 per share to GameOn App Inc.

During the year ended December 31, 2020, the Company received $1,008,984 for two term sheets signed on June 20, 2020 for subscriptions for common shares to be issued. On December 31, 2020, GameOn Entertainment issued 3,990,212 common shares at $0.25 per share in relation to the two term sheets entered into on June 20, 2020 for gross proceeds of $997,533. An $11,431 foreign exchange gain was recognized on the settlement of the deposit on share amount.

On December 31, 2020, GameOn Entertainment cancelled 3,706,899 common shares returned by the Company for $Nil consideration.

As at December 31, 2020, the Company holds a 55.87% (2019 – 100%) interest in GameOn Entertainment.

The following is a summarized consolidated statement of financial position of GameOn Entertainment as at December 31, 2020 and 2019:

		December 31, 2020		December 31, 2019
Current assets	$	1,903,239	$	626,156
Non-current assets		5,462,973		2,616,399
		7,366,212		3,242,555
Current liabilities		3,228,540		1,659,637
Non-current liabilities		140,280		1,192,203
		3,368,820		2,851,840
Total net assets	$	3,997,392	$	390,715

(Expressed in Canadian dollars)

25. Non-controlling interest (Continued)

The following is a summarized consolidated statement of comprehensive loss for GameOn Entertainment for the years ending December 31, 2020 and 2019:

	Years ended December 31, 2020	2019
Revenue	$ 2,626	$ 3,696
Cost of goods sold	(10,351)	-
Expenses	(1,229,612)	(596,711)
Other gains (losses)	256,465	891,184
Taxes	-	(27,598)
Net loss	$ (980,872)	$ 270,571

26. Subsequent Events

a) On January 11, 2021, the Company granted 2,765,000 stock options to directors, officers, employees, and consultants of the Company. Stock options are exercisable at $0.60 and expire 2 years after the date of grant.

b) On January 13, 2021, GameOn Entertainment changed its name from “V2 Games Inc.” to “GameOn Entertainment Technologies Inc.”.

c) On January 15, 2021, GameOn Entertainment settled their outstanding loan to Runway for 916,702 common shares of GameOn Entertainment at a deemed price of $0.25 (Note 12).

d) On January 15, 2021, GameOn Entertainment issued a non-interest bearing convertible debenture of $1,400,000 to the Company maturing on January 15, 2023. The holder can convert the debenture all or in part at any time before the maturity date at $0.25 per share.

e) On February 1, 2021, the Company entered into an agreement to purchase various blockchain assets from Aspen in exchange for 4,600,048 common shares of VST valued at $0.80 per common share or $3,680,039 in total as well as forgiveness of debt of $1,587,001 for a total consideration of $5,267,040 (Note 9 and 19).

f) On February 9, 2021, GameOn Entertainment’s Board of Directors approved the grant of 416,000 common shares at a deemed price of $0.25 share to an officer of GameOn Entertainment and 960,000 warrants exercisable at a price of $0.25 per share for a period of two years to its parent company to be issued on the completion of a Going Public Transaction.

g) On February 10, 2021, GameOn Entertainment’s Board of Directors approved the grant of 3,556,000 stock options to directors, officers, employees, and consultants of the GameOn Entertainment. Each option is exercisable at a price $0.25 for a period between two to three years.

h) On February 10, 2021, the Company closed the acquisition of the shares of IV Hydreight Inc. (“Hydreight”) for total consideration of USD $1,600,000 via issuance of 3,007,058 common shares of the Company. The CEO of Hydreight, Shane Madden, was also granted an earn-in feature valued at USD $1,000,000 or 1,634,271 common shares contingent on future operating metrics of the entity. The Company paid 232,066 as Finder’s Fee on the transaction.

i) On February 16, 2021, the Company’s special warrants were automatically converted to common shares and warrants automatically upon the publishing of the final short form prospectus. A total of 11,713,053 common shares were issued and 5,856,526 warrants are outstanding at the date of conversion. Warrants can be used to purchase 1 common share of the Company at $0.78 and expire on November 9, 2023 (Note 18).

26. Subsequent Events (Continued)

j) On February 18, 2021, the Company incorporated a new wholly-owned subsidiary, VS Blockchain Assembly Inc. ("VS Blockchain").

k) On February 24, 2021, the Company granted 150,000 stock options to a consultant of the Company. Stock options are exercisable at $0.94 and expire 2 years after the date of grant.

l) In February 2021, the Company began a common share buyback program. As of the date of release of these financials, the Company had re-purchased 105,000 common shares at a cost of $0.70 to $0.83 per common share. Total cash spent on these buybacks was $81,830. Common shares were repurchased under the normal course issuer bid but have not yet been cancelled and returned to treasury.

m) On March 11, 2021, GameOn Entertainment completed its financing of 16,505,536 Subscription Receipts at a price of $0.35 for gross proceeds of $5,776,938. In connection with the Financing, GameOn Entertainment will pay $335,637 cash for finders' fees and issue 958,961 Finders Warrants. The Subscription Receipts will be held in escrow until GameOn Entertainment's shares are conditionally approved for listing on the CSE and receipt for a final prospectus in the Province of British Columbia has been issued.

n) On March 12, 2021, the Company sold their holding of Talo Flow for USD $325,000. In early 2021, Talo Flow split their stock 2000:1 such that the Company's holding increased from 500 common shares to 1,000,000. The Company was looking for an exit strategy for this investment and was able to secure a buyer and negotiate for a price of USD $0.325 per share. The Company received funds and transferred ownership of the shares on March 12, 2021 (Note 9).

o) On March 15, 2021, the Company sold various blockchain assets to Cloud Nine for consideration of 4,411,765 common shares of Cloud Nine valued at $1.36 per common share or $6,000,000 in total consideration (Note 9).

p) On March 15, 2021, GameOn Entertainment received the third and final installment payment on the Just Games loan receivable (Note 8). Total proceeds received on the loan subsequent to year end were $1,697,912 (Note 8).

q) On March 22, 2021, 8,400 agent's warrants were exercised for proceed of $4,368 and issuance and 8,400 common shares of the Company (Note 18).

r) On March 24, 2021, 50,000 warrants were exercised for proceeds of $39,000 and issuance of 50,000 common shares of the Company (Note 18).

s) On March 29, 2021, the Company incorporated a new wholly-owned subsidiary, Block X Capital Corp. ("Block X").

t) On April 23, 2021, the Company granted 300,000 stock options to two consultants of the Company. Stock options are exercisable at $0.80 and expire 2 years after the date of grant.

u) On April 23, 2021, the Company entered into an LOI with Stardust Solar Technologies Inc.

v) On April 29, 2021, Fantasy 360 announced the closing of a non-brokered private placement financing of 6,750,803 subscription receipts at a price of $0.35 per subscription receipt, for gross proceeds of $2,362,781.