AMPD VENTURES INC.

Condensed Consolidated Interim Financial Statements

For the nine months ended February 29, 2020

Expressed in Canadian Dollars

AMPD VENTURES INC.

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

April 29, 2020

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		February 29, 2020		May 31, 2019
			(Unaudited)		(Audited)
ASSETS					
Cash and cash equivalents		**$**	**1,513,684**	$	106,176
Receivables			**116,137**		34,423
Prepaids and deposits			**200**		200
			1,630,021		140,799
Property, plant and equipment	4		**1,733,232**		1,010
		$	**3,363,253**	$	141,809
LIABILITIES					
Trades payable and accrued liabilities		**$**	**441,042**	$	361,611
Lease liability, current	6		**298,361**		-
Convertible debt	5,8		**295,314**		379,515
Debt	5		**75,766**		153,467
			1,110,483		894,593
Long-term lease liability	6		**809,482**		-
			1,919,965		894,593
SHAREHOLDERS' EQUITY					
Share capital	7		**7,551,117**		325,086
Reserves	7		**591,164**		172,615
Foreign currency translation			**(21)**		(7)
Deficit			**(6,698,972)**		(1,250,478)
			1,443,288		(752,784)
		$	**3,363,253**	$	141,809

Nature of business (Note 1)
Reverse takeover (Note 3)
Events after the reporting period (Note 14)

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

AMPD VENTURES INC.

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Share Capital: Number of Common Shares	Share Capital: Amount	Reserves	Equity component of convertible notes	Foreign currency translation adjustment	Deficit	Total Shareholders' equity
Balance at May 31, 2018		**16,146,355**	**$ 300,086**	**$ 86,250**	**$ -**	**$ (167)**	**$ (645,095)**	**$ (258,926)**
Share based payments		-	-	53,750	-	-	-	53,750
Shares issued for cash	**7**	53,786	25,000	-	-	-	-	25,000
Conversion feature of convertible debt		-	-	-	27,963	-	-	27,963
Net loss for the period		-	-	-	-	-	(377,903)	(377,903)
Balance at February 28, 2019		**16,200,141**	**325,086**	**140,000**	**27,963**	**(167)**	**(1,022,998)**	**(530,116)**
Share based payments		-	-		-	-	-	-
Foreign exchange translation		-	-	-	-	160	-	160
Conversion feature of convertible debt		-	-	-	4,652			4,652
Net loss for the period		-	-	-	-	-	(227,480)	(227,480)
Balance at May 31, 2019		**16,200,141**	**325,086**	**140,000**	**32,615**	**(7)**	**(1,250,478)**	**(752,784)**
Rescind cancellation of shares	7	849,808	-	-	-	-	-	-
Shares issued for cash	7	6,304,224	979,549	-	-	-	-	979,549
Shares issued for equipment purchase	7	594,865	175,000					175,000
Share based payments	7	169,962	50,000	-	-	-	-	50,000
Recapitalization transaction:								
Equity of AMPD Ventures	3,7	16,606,954	6,018,542	-	-	-	-	6,018,542
Shares issued on conversion of special warrants	3,7	531,986		-	-	-		-
Shares issued on exercise of warrants	7	8,400	2,940		-	-	-	2,940
Share based compensation	7	-	-	418,549	-	-	-	418,549
Foreign exchange translation		-	-	-	-	(14)	-	(14)
Net loss for the period		-	-	-	-	-	(5,448,494)	(5,448,494)
Balance at February 29, 2020		**41,266,340**	**$ 7,551,117**	**$ 558,549**	**$ 32,615**	**$ (21)**	**$ (6,698,972)**	**$ 1,443,288**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the nine months ended February 29, 2020 and February 28, 2019
(Expressed in Canadian Dollars)

	Note		Three months ended February 29/28,				Nine months ended February 29/28,
			2020		2019		**2020**		2019
Sales	10,11	**$**	**118,401**	$	726,463	**$**	**473,905**	$	1,017,002
Cost of Services			**53,642**		637,140		**380,169**		882,275
GROSS PROFIT			**64,759**		89,323		**93,736**		134,727
Expenses									
Advertising and promotion		**$**	**54,416**	$	500	**$**	**358,755**	$	5,045
Amortization	4		**149,501**		194		**172,428**		583
Bank charges			**1,899**		2,150		**5,631**		5,094
Salaries and consulting fees	8		**444,113**		82,500		**833,230**		217,500
Dues and subscriptions			**1,800**		32,500		**3,705**		98,843
Insurance			**7,395**		2,339		**19,078**		5,510
Office and miscellaneous			**40,233**		6,436		**74,055**		18,554
Professional fees			**37,294**		28,928		**55,272**		36,614
Regulatory and transfer agent fees			**4,426**		-		**9,264**		-
Share based compensation	7, 8		**134,510**		8,000		**418,549**		53,750
Travel and entertainment			**48,818**		11,071		**82,478**		26,232
			924,405		174,618		**2,032,445**		467,725
NET LOSS BEFORE OTHER ITEMS			**(859,646)**		(85,295)		**(1,938,709)**		(332,998)
Other items									
Foreign exchange loss			**(766)**		(510)		**(742)**		(743)
Interest expense			**(45,847)**		(19,114)		**(103,476)**		(44,162)
Listing expense	3		**-**		-		**(3,405,568)**		-
			(46,613)		(19,624)		**(3,509,786)**		(44,905)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		**$**	**(906,258)**	$	(104,919)	**$**	**(5,448,494)**	$	(377,903)
Loss per common share									
-basic and diluted		**$**	**(0.04)**	$	(0.01)	**$**	**(0.28)**	$	(0.02)
Weighted average number of common shares outstanding									
-basic and diluted			**23,589,729**		16,200,141		**19,377,670**		16,192,851

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

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended February 29, 2020 and February 28, 2019
(Expressed in Canadian Dollars)

	For the nine months ended February 29/28,			
		2020		2019
Cash provided by (used in):				
Operating:				
Net loss for the period	$	(5,448,494)	$	(377,903)
Items not involving cash:				
Accretion of Conv debt in interest		10,921		-
Accrued interest and finance costs		(95,122)		20,677
Amortization		172,428		583
Listing expense		3,184,124		-
Share based payments		-		53,750
Stock-based compensation		418,549		-
Unrealized foreign exchange loss		-		(124)
		(1,757,594)		(303,017)
Changes in non-cash operating working capital items:				
Receivables		(80,382)		(135,078)
Inventory		-		11,567
Accounts payable and accrued liabilities		71,560		125,026
		(1,766,416)		(301,502)
Investing				
Acquisition of equipment		(379,484)		-
		(379,484)		-
Financing				
Net cash acquired on reverse takeover		2,704,763		-
Cash received subsequent to RTO		1,164,458		-
Proceeds from issuance of shares, net		4,226		25,000
Lease payments		(242,322)		-
Debt repayments		(77,701)		(18,202)
Proceeds from issuance of convertible debt, net		-		248,271
		3,553,424		255,069
Effect of foreign exchange on cash flows		(14)		124
Change in cash during the period		1,407,510		(46,309)
Cash, beginning of period		106,176		71,934
Cash, end of period	**$**	**1,513,686**	**$**	**25,625**

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

1. NATURE OF BUSINESS

AMPD Ventures Inc. (formerly E-Gaming Ventures Corp.) (the "Company") was incorporated under the laws of the Province of British Columbia on June 27, 2018. The Company changed its name from 1169750 B.C. Ltd. to CannaGlobe Therapeutics Corp. on August 2, 2018, then to E-Gaming Ventures Corp. on January 28, 2019, and then to AMPD Ventures Inc. on July 25, 2019.

The Company's head office and principal address is located at #500-329 Railway Street, Vancouver, British Columbia, V6A 1A4. The registered and records office is 2900-550 Burrard Street, Vancouver, BC, V6C 0A3.

On October 11, 2019, the Company completed its business combination with AMPD Holdings Corp., ("AMPD"), a private company incorporated under the Canada Business Corporations Act. AMPD, together with its wholly owned subsidiary, AMPD Game Technologies US Inc., is a technology company building high performance computing infrastructure, cloud computing and next-gen content to gaming developers and publishers. Effective October 24, 2019, the Company will commence trading its common shares on the Canadian Securities Exchange ("CSE") under the symbol "AMPD". On November 4, 2019, the Company's common shares were listed on the Frankfurt Exchange trading under the symbol "2Q0".

The Company acquired 100% of the issued and outstanding common shares of AMPD (the "Transaction") resulting in AMPD becoming a wholly owned subsidiary of the Company and the Company will continue on the business of AMPD. Upon completion of the Transaction, the security holders of AMPD became shareholders of the combined entity (the "Resulting Issuer") (Note 9).

The Company has incurred losses since inception and as at February 29, 2020 has a working capital of $519,538 (May 31, 2019 – working capital deficit of $753,794) and an accumulated deficit of $6,698,972 (May 31, 2019 - $1,250,478). These condensed consolidated interim financial statements have been prepared on the basis of a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These condensed consolidated interim financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue its operations in the normal course of business.

The Company's ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on April 29, 2020 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (cont'd)

Statement of compliance (cont'd)

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's May 31, 2019 consolidated audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's May 31, 2019 consolidated audited financial statements.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Recent accounting pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Adoption of new accounting standards

The Company has adopted the following new standard, with a date of initial application of June 1, 2019 and have been applied in preparing these financial statements:

IFRS 16 - Leases replaces IAS 17, Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including

2. BASIS OF PRESENTATION (cont'd)

Adoption of new accounting standards (cont'd)

complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; and introduces new disclosure requirements. Under IFRS 16, a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Right-of-use assets will be initially measured at cost, which includes the initial measurement of the lease liabilities and other costs, less lease incentives. Lease liabilities will initially be measured at the present value of future lease payments and subsequently measured at amortized cost using the effective interest method. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The modified retrospective approach offers the option, on a lease by lease basis, to either measure the right-of-use asset retrospectively using the discount rate as at the date of initial application or to measure the right-of-use asset at an amount equal to the lease liability.

The Company adopted IFRS 16 on June 1, 2019. On initial adoption, the Company has elected to record right-of-use assets based on the corresponding lease obligation. As at February 29, 2020, the Company recorded $1,350,166 in right-of-use asset and lease obligations, with no impact on deficits. When measuring the present value of lease, obligations, the Company discounted remaining lease payments using its incremental borrowing rate of 10%.

Lease accounting policy

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

3. REVERSE TAKEOVER OF AMPD HOLDINGS CORP.

On October 11, 2019, the Company completed a reverse takeover transaction with AMPD Holdings Inc. (Note 1), whereby the Company acquired 100% of the issued and outstanding common shares of AMPD.

Pursuant to the Transaction, the Company issued an aggregate of 20,000,000 common shares of the Company in exchange for all of the issued and outstanding shares of AMPD. Upon closing of the Transaction, the shareholders of AMPD owned 55% of the common shares of the Company and, as a result, the Transaction is considered a reverse acquisition of the Company by AMPD.

(Expressed in Canadian Dollars)

3. REVERSE TAKEOVER OF AMPD HOLDINGS CORP. (cont'd)

For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of AMPD obtained control of the Company. However, as the Company does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

a. The consolidated financial statements of the combined entity are issued under the legal parent, the Company, but are considered a continuation of the financial statements of the legal subsidiary, AMPD.

b. As AMPD is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

c. Since the shares allocated to the former shareholders of AMPD on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of AMPD acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

   The fair value of the 17,138,940 common shares (16,606,954 common shares and 531,986 special warrants converted to common shares post-Transaction) for all of the Company was determined to be $6,018,542 or $0.35 per common share including fair value of agent's warrants.

d. The fair value of all the consideration given and charged to listing expense was comprised of:

Fair value of the common shares at Transaction Date	$	6,018,542
Identifiable assets acquired – At October 11, 2019		
Cash	$	2,890,958
Receivables		1,332
Trade payables		(7,872)
		2,884,418
Unidentified assets acquired		
Listing expense (See Note (e))		3,134,124
Total net identifiable assets and transaction costs	$	6,018,542

e. The Company incurred additional listing expenses of $271,444, for a total listing expense of $3,405,568. Included in this amount is 169,962 common shares issued in exchange for $50,000 in consulting services.

(Expressed in Canadian Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Right of Use Assets (Note 2, 6, and 9)	Total
Cost			
Balance, May 31, 2018	**$ 4,334**	**$ -**	**$ 4,334**
Additions	515	-	515
Balance, May 31, 2019	**4,849**	**-**	**4,849**
Additions	554,484	1,350,166	1,904,650
Balance, February 29, 2020	**$ 559,333**	**$ 1,350,166**	**$ 1,909,499**
Accumulated amortization			
Balance, May 31, 2018	**$ 2,920**	**$ -**	**$ 2,920**
Amortization	919	-	919
Balance, May 31, 2019	**3,839**	**-**	**3,839**
Amortization	18,665	153,763	172,428
Balance, February 29, 2020	**$ 22,504**	**$ 153,763**	**$ 176,267**
Balance			
May 31, 2019	**$ 1,010**	**$ -**	**$ 1,010**
February 29, 2020	**$ 536,829**	**$ 1,196,403**	**$ 1,733,232**

5. LOANS PAYABLE

a. Non-revolving Credit Facility

On October 13, 2017 the Company entered into a $200,000 non-revolving credit facility agreement (the “Loan”) with Runway Finance Group Inc. (the “Lender”). The Loan bears interest at 16% per annum and matures on October 13, 2020. The Company paid $8,018 in financing fees in connection with obtaining the Loan.

The Company is required to make interest plus monthly principal repayments of the greater of $7,250 or 45% of proceeds received from customers of assigned contracts, as defined in the agreement, in a given month.

The Company provided the following as security:

- General security agreement charging all of the Company’s assets;
- Assignment of the Company’s May 31, 2018 and 2019 SRED refund claims; and
- Assignment of certain of the Company’s sales contracts.

The reconciliation of the carrying amount of the non-revolving credit facility is:

	February 29, 2020	**May 31, 2019**
Carrying value, beginning of period	$ 153,467	$ 193,307
Net loan repayments	(70,354)	(41,848)
Interest expense at effective interest rate	14,744	32,662
Interest paid	(22,091)	(30,654)
Carrying value, end of period	$ 75,766	$ 153,467

(Expressed in Canadian Dollars)

5. LOANS PAYABLE (cont'd)

a. Non-revolving Credit Facility (cont'd)

The Company is required to meet certain covenants imposed by the Lender which include a financial covenant to maintain a minimum net worth.

b. Convertible Debt

On August 29, 2018, the Company issued a $250,000 unsecured convertible promissory note ("Convertible Debt") to one of its principal shareholders who is also an officer and director of the Company. The Convertible Debt accrues interest at 12% per annum, compounded monthly in arrears. The principal and accrued interest are due and payable on August 29, 2021.

On May 1, 2019, the Company amended the maturity date of the unsecured convertible promissory note to May 1, 2020 and the conversion price to $0.70 per common share, and issued an additional $120,000 unsecured convertible promissory note to an unrelated party under the same terms (collectively, the "Convertible Debt").

The reconciliation of the carrying amount of the Convertible Debt is:

	February 29, 2020	May 31, 2019
Balance, beginning of year	$ 379,515	$ -
Net proceeds from issue	-	368,271
Payments	(132,555)	
Equity component – value of conversion rights	-	(32,615)
Interest expense at effective interest rate	48,354	30,541
Loss on modification	-	13,318
Balance, end of period	$ 295,314	$ 379,515

6. LEASE LIABILITY

The Company incurs lease payments related to its office premises, data centre and server equipment.

	Office	Data Centre	Server	Total
Balance, May 31, 2019	$ -	$ -	$ -	$ -
Lease liability for ROU asset (Note 2, 4 and 9)	228,184	707,173	284,144	1,219,501
Imputed interest	10,327	21,921	8,090	40,338
Payments	(44,700)	(92,739)	(14,557)	(151,996)
Balance, February 29, 2020	193,811	636,355	277,677	1,107,843
Current portion	36,126	148,889	113,346	298,361
Long-term portion	$ 157,685	$ 487,466	$ 164,331	$ 809,482

7. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the period ended February 29, 2020, the Company completed the following transactions:

i) On June 1, 2019, issued 169,916 common shares for consulting services valued at $50,000.
ii) On June 1, 2019, issued 2,185,224 common shares to an officer and director of the Company as employment sign-on incentives for total proceeds of $1,286.
iii) On July 1, 2019, issued 594,865 common shares as consideration for the purchase of computing equipment valued at $175,000
iv) On July 3, 2019, the Company rescinded the agreement dated March 26, 2018 to repurchase 849,808 common shares from a director and officer of the Company.
v) On October 11, 2019, in accordance with the Transaction (Note 3), the Company issued 20,000,000 common shares to acquire all the issued and outstanding shares of AMPD.
vi) Issued 531,986 common shares on the conversion of 531,986 special warrants on the completion of the Transaction;
vii) Issued 8,400 common shares on the exercise of agent's finder's warrants for gross proceeds of $2,940. In addition, a reallocation of $1,148 from reserves to share capital was recorded on the exercise of these warrants.
viii) On February 7, 2020, the Company closed its private placement financing of 4,119,000 units for total gross proceeds of $978,263. Each Unit is comprised of one common share and one-half of one common share purchase warrant having an exercise price of CAD $0.50 per whole warrant expiring February 7, 2021.

c. Escrow

16,170,456 common shares issued to the principals of the Company under the Transaction are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on October 24, 2019. The remaining 14,553,413 common shares held within escrow will be released over a period of 36 months.

d. Reserve

The reserve records the fair value recognized on stock options granted and on the share purchase warrants issued in connection to the private placement until such time that the stock options or share purchase warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd)

e. Special warrants

In connection to the Transaction with AMPD (Note 3) and prior to the completion of the Transaction, the Company issued an aggregate of 8,638,840 special warrants for the Company's concurrent financing at a price of $0.35 per special warrant for total gross proceeds of $2,932,385. Each special warrant entitles the holder to one common share at no additional consideration and will be deemed to be exercised on the earlier of (i) the third business day after a receipt for a final prospectus qualifying the distribution of the shares; and (ii) four months and one day after issue date of the special warrants. Prior to the completion of the Transaction, the Company issued 8,106,854 common share on conversion of 8,106,854 special warrants on the expiry of its hold period. On completion of the Transaction, the Company issued the remaining 531,986 common shares on conversion of 531,986 special warrants.

f. Agent's Warrants

In connection to the concurrent financing, an aggregate of 279,591 agent's warrants were issued on completion of the concurrent financing. Each agent warrant is exercisable at a price of $0.35 expiring between May 19, 2021 and September 18, 2021. The agent's warrants are subject to a hold period expiring four month and one day from date of issuance.

During the period ended February 29, 2020, 8,400 agent's warrants were exercised for gross proceeds of $2,940.

Agent's warrant transactions are summarized as follows:

	Warrants	
	Number	Weighted Average Exercise Price
Outstanding, May 31, 2019	-	$ -
Granted	279,591	0.35
Exercised	(8,400)	0.35
Outstanding, February 29, 2020	271,191	$ 0.35
Number currently exercisable	271,191	$ 0.35

As at February 29, 2020, the following agent's warrants were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Warrants	May 19, 2021	253,849	$ 0.35	1.22 years
	September 18, 2021	17,342	$ 0.35	1.55 years
		271,191	$ 0.35	1.24 years

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd)

g. Stock options and share purchase warrants

The Company adopted a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, expiry date, and the vesting conditions of the options as determined by the Board of Directors.

During the period ended February 29, 2020, the Company granted the following stock options:

i) 900,000 stock options to directors and officers of the Company at an exercise price of $0.35 per share expiring on October 24, 2024. The stock options granted are subject to vesting terms over a 3 year period. During the period, the Company recorded $91,582 in share based compensation on the vested portion of the options.

ii) 700,000 stock options to directors, officers, and employees of the Company at an exercise price of $0.50 per share expiring on October 25, 2024. The stock options granted are subject to vesting terms over a 3 year period. During the period, the Company recorded $110,272 in share based compensation on the vested portion of the options.

iii) 650,000 stock options to consultants of the Company at an exercise price of $0.63 per share expiring on April 7, 2020. During the period, the Company recorded $210,518 in share based compensation on the options.

iv) 50,000 stock options to an employee of the Company at an exercise price of $0.39 per share expiring on January 19, 2025. During the period, the Company recorded $3,604 in share based compensation on the vested portion of the options

The Company applied the fair value method in accounting for its stock options using the Black-Scholes Option Pricing Model using the following estimates:

February 29, 2020	Stock options	Warrants
Risk free rate	1.62%	1.33%
Expected dividend yield	0%	0%
Expected stock price volatility	205.66%	142.60%
Weighted average expected life	2.33 years	4.50 years
Weighted average fair value	$0.37	$0.001

During the period ended February 29, 2020, the Company issued 2,059,500 share purchase warrants in connection to the private placement financing with an exercise price of $0.50 per share expiring February 7, 2021.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd)

g. Stock options and share purchase warrants (cont'd)

In connection to the Transaction (Note 3), the Company issued the following share purchase warrants:

i) 5,000,000 common share purchase warrants in exchange for 2,941,840 AMPD options to certain directors and officers. The replacement share purchase warrants are exercisable at a price of $0.006 per share and are subject to performance vesting provisions. During the period, the Company recorded $2,573 in share based compensation on these warrants.

ii) 424,904 common share purchase warrants in exchange for 250,000 AMPD warrants issued to a consultant. The replacement share purchase warrants are exercisable at a price of $0.35 per share expiring December 1, 2021 subject to the warrant holder receiving royalty payments equal to the purchase price of the royalty units of $250,000. The royalty unit consisted of 1.6996 common share and 1.6996 non-transferrable special warrant. Each special warrant is entitled to receive 0.49% of the Company's annualized gross sales, to a maximum of 47% of net profit for that year, so long as the Company maintains a position annual EBITDA.

Stock options and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, May 31, 2019	-	$ -	-	$ -
Granted	2,300,000	0.48	7,484,400	0.03
Outstanding, February 29, 2020	2,300,000	$ 0.48	7,484,404	$ 0.03
Number currently exercisable	500,000	$ 0.63	3,000,000	$ 0.006

As at February 29, 2020, the following stock options and share purchase warrants were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Stock options	October 24, 2024	900,000	$ 0.35	4.65 years
	October 25, 2024	700,000	$ 0.50	4.66 years
	April 7, 2020	650,000	$ 0.63	0.10 years
	January 19, 2025	50,000	$ 0.39	4.89 years
		2,300,000	$ 0.48	3.37 years
Warrants	June 2, 2021	500,000	$ 0.006	1.26 years
	June 2, 2022	500,000	$ 0.006	2.26 years
	June 2, 2024	4,000,000	$ 0.006	4.26 years
	December 1, 2021	424,904	$ 0.35	1.76 years
	February 7, 2021	2,059,500	$ 0.50	0.94 years
		7,484,404	$ 0.16	2.87 years

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the periods ended February 29, 2020 and February 28, 2019, the remuneration of the key management personnel were as follows:

February 29/28,		2020		2019
Chief Executive Officer	$	84,500	$	40,500
Chief Financial Officer		5,400		-
Chief Strategy Officer		121,203		20,000
Chief Technology Officer		90,000		-
Vice President of Client Services		159,500		58,500
Vice President of Operations		73,500		40,500
Total	$	534,103	$	159,500

<u>Other related party transactions and balances</u>

The Company recognized an aggregate of $157,167 in share based compensation on the vested portion of stock options and performance based warrants granted to directors and officers of the Company.

Convertible debt of $250,000 and interest earned of $49,038 is owed to the CEO at February 29, 2020 (Note 5(b)).

During the period ended February 29, 2020, the Company paid $6,000 in director's fees to a director of the Company.

During the year ended May 31, 2019, the Company:

a. incurred consulting fees and commission expenses of $221,127 for management services provided by its directors and officers.
b. recognized share based payments related to the vesting of share purchase options held by an officer of $26,875 during the year ended May 31, 2019.

9. COMMITMENTS

During the nine months ended February 29, 2020, the Company entered into the following lease agreements:

a. Office sublease dated July 12, 2019 for a portion of the office premises for a period of three years commencing August 1, 2019 and expiring July 31, 2022, in exchange for $7,450 per month plus applicable taxes for the first two years and base rent of $4,750 per month plus Landlord's projected operating costs and applicable taxes for the final year. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.

b. Equipment financing agreement dated December 2, 2019 for server equipment for a period of 2 years commencing January 1, 2020 and expiring December 31, 2022, in exchange for $14,558 per month plus applicable taxes.

(Expressed in Canadian Dollars)

9. COMMITMENTS (cont'd)

c. Data Centre lease dated Jun 1, 2019 for a portion of the premises for a period of three years commencing November 1, 2019 and expiring October 31, 2022 in exchange for $23,185 per month plus applicable taxes. The monthly rent includes base rent, operating costs, and capital cost recoveries. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.

10. SALES AND RELIANCE ON MAJOR CUSTOMERS

The Company's sales by category are:

Nine months ended February 29/28,	2020	2019
Sales for the period		
Hardware sales and installation	$ 251,592	$ 802,432
Software licensing fees	41,331	26,900
Hosting fees	120,334	181,513
Support and maintenance	592	6,157
Rental fees	25,440	-
Consulting services	17,450	-
Other	17,166	-
	$ 473,905	$ 1,017,002

During the nine months ended February 29, 2020, sales to 4 of the Company's customers amounted to 20%, 13%, 12% and 10%, respectively, for a combined total of 56% of sales. For the nine months ended February 28, 2019, sales to two of the Company's customers amounted to 58%, and 12%, respectively, for a combined total of 69% of sales.

The digital media and computer technology industry is highly competitive and there is no guarantee that the Company could easily replace these customers should it cease selling products and services to them. One of these customers cancelled their contract with the Company in December 2018.

11. SEGMENTED INFORMATION

The Company operates in one industry segments in both Canada and the United States of America. The Company's assets are solely located in Canada. A breakdown of the Company's sales by geographical area is as follows:

Nine months ended February 28/29,	2020	2019
Sales by location		
Canada	$ 441,054	$ 1,017,002
USA	32,851	-
	$ 473,905	$ 1,017,002

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts receivable, trades payable and accrued liabilities, convertible debt and long-term debt. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's accounts receivable consists of Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at February 29, 2020 is $116,137 (May 31, 2019 - $34,423), representing accounts receivable.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at February 29, 2020 and May 31, 2019, the Company did not have any material overdue accounts.

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 manages liquidity risk by maintaining cash and cash equivalent balances to ensure that it is able to meet its short term and long term obligations as and when they fall due. Trades payable and accrued liabilities are due within the current operating period. The Company's long-term debt matures in 2020 but has been classified as a current liability as at February 29, 2020 and May 31, 2019, as described in Note 5. The Company manages liquidity risk through the management of its capital structure as described in Note 13.

As at February 29, 2020, the Company had working capital of $519,538 (May 31, 2019 – working capital deficiency of $753,794).

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

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 exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

Other Market Risk
Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

Price risk
The Company is not exposed to price risk.

13. CAPITAL MANAGEMENT

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to continue its technology services to its customers. The Company's capital is composed of its shareholders' equity, convertible debt and long-term debt.

The Company manages and adjusts its capital structure whenever changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may issue new shares or acquire, dispose of or jointly operate certain of its assets. In order to facilitate the management of its capital requirements, the Company actively monitors its liquidity and short and long-term funding requirements.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period ended February 29, 2020, the Company granted 150,000 incentive stock options to employees at an exercise price of $0.22 per share for a period of 5 years.