Alpha Esports Tech Inc.

Consolidated Financial Statements

For the year ended June 30, 2021

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Alpha Esports Tech Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alpha Esports Tech Inc. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company had a deficit of $7,919,742 as at June 30, 2021 and the Company expects to incur further losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Company for the year ended June 30, 2020 were audited by another auditor who expressed an unqualified opinion on those statements on May 10, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

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

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

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

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

As 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 consolidated 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
October 28, 2021

Alpha Esports Tech Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	June 30, 2021	June 30, 2020
ASSETS			
Current Assets			
Cash		$ 1,716,642	$ 8,974
Receivables		-	840
GST receivable		64,011	32,125
Promissory notes receivable	6	-	37,829
Prepaid expenses	12	1,538,473	17,857
		3,319,126	97,625
Non-current Assets			
Equipment	11	1,978	2,554
Intangible assets	9	1,806,984	721,544
Goodwill	8	402,561	402,561
		2,211,523	1,126,659
TOTAL ASSETS		5,530,649	1,224,284
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	940,673	816,624
TOTAL LIABILITIES		940,673	816,624
SHAREHOLDERS' EQUITY			
Share capital	5	10,615,685	2,986,893
Share subscriptions	5	-	250
Reserves	5	1,935,684	8,100
Accumulated other comprehensive income		(41,651)	(7,383)
Deficit		(7,919,742)	(2,580,200)
TOTAL SHAREHOLDERS' EQUITY		4,589,976	407,660
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 5,530,649	$ 1,224,284

Nature of operations – Note 1
Going concern – Note 2
Commitment – Note 16
Subsequent events – Note 18

Approved on behalf of the Board of Directors:

“Matthew Schmidt”, Director

“Timothy Laidler”, Director

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

Alpha Esports Tech Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended	
	June 30, 2021	June 30, 2020
REVENUES	$ 16,679	$ -
EXPENSES		
Advertising and marketing	874,814	304,966
Consulting	1,169,744	189,414
Depreciation (Notes 9 and 11)	473,824	115
Management fees (Note 7)	283,832	451,755
Office and miscellaneous	207,485	61,334
Professional fees	237,438	289,629
Rent	58,348	32,182
Share-based payments (Note 5 and 7)	1,911,344	-
Tournament prizes	34,868	7,224
Transfer agent and filing fees	65,019	8,270
Travel	-	81,425
TOTAL OPERATING EXPENSES	(5,316,716)	(1,426,314)
	(5,300,037)	(1,426,314)
Foreign exchange loss	(21,676)	(8,322)
Interest income (Note 6)	417	3,613
Write-down of loan receivables	(18,246)	(364,834)
Write-down of mobile arena asset	-	(526,720)
	(39,505)	(896,263)
NET LOSS FOR THE YEAR	(5,339,542)	(2,322,577)
Cumulative translation adjustment	(34,268)	(7,383)
COMPREHENSIVE LOSS FOR THE YEAR	$ (5,373,810)	$ (2,329,960)
Loss per share, basic and diluted	(0.11)	$ (0.07)
Weighted average number of common shares outstanding – Basic and diluted	49,239,705	30,983,054

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

Alpha Esports Tech Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Share subscriptions	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
		$	$	$	$	$	$
Balance, June 30, 2019	26,566,868	576,419	202,376	-	-	(257,623)	521,172
Private placements	6,377,000	1,559,875	(202,376)	-	-	-	1,357,499
Share issuance cost – cash	-	(65,357)	-	-	-	-	(65,357)
Share issuance cost – warrants	-	(8,100)	-	8,100	-	-	-
Share exchange agreement	5,046,462	924,056	-	-	-	-	924,056
Subscription receipts	-	-	250	-	-	-	250
Cumulative translation adjustment	-	-	-	-	(7,383)	-	(7,383)
Loss for the year	-	-	-	-	-	(2,322,577)	(2,322,577)
Balance, June 30, 2020	37,990,330	2,986,893	250	8,100	(7,383)	(2,580,200)	407,660
Shares cancelled and returned to treasury	(1,250,000)	-	-	-	-	-	-
Shares issued pursuant to advisory services rendered	1,250,000	437,500	-	-	-	-	437,500
Shares issued pursuant to acquisition	5,300,000	1,388,023	-	-	-	-	1,388,023
Shares issued pursuant to private placement, net	16,816,168	5,749,509	-	-	-	-	5,749,509
Shares issued pursuant to options exercised	200,000	113,056	-	(43,056)	-	-	70,000
Finders' warrants	-	(59,296)	-	59,296	-	-	-
Share-based payment pursuant to options granted	-	-	-	1,149,416	-	-	1,149,416
Share-based payment pursuant to RSRs granted	-	-	-	761,928	-	-	761,928
Subscriptions returned	-	-	(250)	-	-	-	(250)
Cumulative translation adjustment	-	-	-	-	(34,268)	-	(34,268)
Loss for the year	-	-	-	-	-	(5,339,542)	(5,339,542)
Balance, June 30, 2021	**60,306,498**	**10,615,685**	**-**	**1,935,684**	**(41,651)**	**(7,919,742)**	**4,589,976**

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

Alpha Esports Tech Inc.
Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

		For the year ended June 30, 2021		For the year ended June 30, 2020
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Loss for the year	$	(5,339,542)	$	(2,322,577)
Adjustments to non-cash items:				
Depreciation		473,824		115
Foreign exchange		5,791		1,598
Interest income		(417)		(3,613)
Share-based payments		1,911,344		-
Shares issued pursuant to advisory services rendered		291,667		-
Write-down of loan receivables		18,246		364,834
Write-down of mobile arena asset		-		526,720
Net changes in non-cash working capital items:				
Amounts receivable		840		22,827
GST receivable		(31,886)		(28,047)
Prepaid expenses		(1,185,498)		(17,857)
Accounts payable and accrued liabilities		(64,366)		634,456
Cash used in operating activities		(3,919,997)		(821,544)
INVESTING ACTIVITIES:				
Cash acquired on acquisition		-		1,318
Promissory note receivable		-		(668,694)
Promissory note received		20,000		474,478
Transaction costs		-		(26,982)
Mobile arena asset		-		(526,720)
Gaming platform		(211,844)		(105,320)
Cash used in investing activities		(191,844)		(851,920)
FINANCING ACTIVITIES:				
Proceeds from issuance of common shares, net		5,749,509		1,292,142
Proceeds from option exercises		70,000		-
Subscriptions received in advance		-		250
Cash provided by financing activities		5,819,509		1,292,392
Net increase (decrease) in cash		1,707,668		(381,072)
Cash, beginning of year		8,974		390,046
Cash, end of year	$	1,716,642	$	8,974
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

Supplemental disclosure with respect to cash flows – Note 17

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

1. NATURE OF OPERATIONS

Alpha Esports Tech Inc. (the "Company") was incorporated under the laws of British Columbia on March 1, 2019. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 13, 2020, the Company completed the Share Exchange Agreement ('Agreement') with Esports Enterprises Inc. ("Esports"), a private company. Pursuant to the terms of the Agreement, the shareholders of Esports transferred all of their issued and outstanding shares to the Company in exchange for a pro-rated number of shares of the Company. Consequently, the transaction constitutes control of Esports by the Company, with Esports representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") under the symbol, "ALPA".

During the year ended June 30, 2021, the Company split its shares on the basis of one old common share for two new common shares. All common shares, warrants, and options in these consolidated financial statements are retroactively presented on a post-stock split basis, including the exercise prices of all share purchase warrants.

These consolidated financial statements were approved by the Board of Directors on October 28, 2021.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. On June 30, 2021, the Company had not yet achieved profitable operations and had a deficit of $7,919,742 (June 30, 2020 - $2,580,200) and a working capital of $2,378,453 (June 30, 2020 – working capital deficiency - $718,999). 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. The Company expects to incur further losses in the development of its business. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

3. BASIS OF PRESENTATION

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 of the International Financial Reporting Interpretation Committee ("IFRIC").

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

Certain amounts in the prior period financial statements have been reclassified to conform with the presentation of the current period financial statements.

3.1. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Business combinations

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. The excess of the aggregate of the consideration transferred over the net assets of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

3. BASIS OF PRESENTATION (continued)

3.1 Significant judgments, estimates and assumptions (continued)

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to each individual entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which each entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.

Gaming Platform – Research versus development

In determining whether to capitalize the costs related to the development of the gaming platform, Management is required to make judgments about whether the development work qualifies as an asset; determining whether there is an identifiable asset which is expected to produce future benefits and being able to determine the cost of the asset reliably.

Critical Accounting Estimates

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Valuation of equity consideration granted

The valuation of share consideration granted involves management judgment in determining the valuation of the share consideration granted. Judgment is exercised in assessing the fair value of the shares granted.

The fair value of equity instruments are subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

4. BASIS OF PRESENTATION (continued)

3.1 Significant judgments, estimates and assumptions (continued)

Estimated useful lives – tangible and intangible assets

Amortization of tangible assets is dependent upon estimates of useful lives based on management's judgment. Determination must be made by management whether the gaming platform or gaming license has an indefinite life or if not, management determines its lifespan. In management's view, the gaming platform and gaming license will have a finite life.

Impairment considerations and amortization of tangible assets, intangible assets, and goodwill

Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired.

Determining whether any charge to impairment against the Company's tangible and finite lived intangible assets requires management to estimate the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. Impairment is reviewed on an annual basis or as events and conditions change.

The recoverable value of goodwill and tangible and intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

3.2 Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries:

Subsidiary	Country	Ownership %
Esports Enterprises Inc.	USA - Delaware	100%
GamerzArena LLC	USA - Delaware	100%

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

3.3 Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars. Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates.

3. BASIS OF PRESENTATION (continued)

3.3 Foreign Currency Translation (continued)

The functional currency of the parent company is the Canadian dollar. The functional currency of the subsidiaries is the US dollar.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.2 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Income Taxes (continued)

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.3 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss, with the offsetting credit to reserves. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4.5 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value of goods and services provided.

4.6 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial Instruments - Recognition and Measurement

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI") 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 FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Receivables	Amortized cost
Promissory notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due from shareholder	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost.

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

Financial assets and liabilities at FVTPL.

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

The Company has no assets or liabilities at FVOCI.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial Instruments - Recognition and Measurement (continued)

(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 statements of 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. The Company has not recorded any depreciation on its intangible assets as the assets are not yet in use.

(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. Gains and losses on derecognition are generally recognized in the statements of loss.

4.8 Gaming Platform

The gaming platform represents the Company's software which was developed to host e-sports tournaments.

Management capitalizes certain costs to the Company's gaming platform under IAS 38 *Intangible Assets*, including the costs of materials and services consumed, directly attributable employee benefits, and fees to register a legal right.

Any expenditures relating to the gaming platform that do not qualify to capitalize under IAS 38 *Intangible Assets* are classified as research expense.

The gaming platform has a finite life and will be amortized over its useful economic life. The gaming platform is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for the gaming platform is reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Research and Development

Research costs are expensed as incurred. Costs related to the development of gaming platform are expensed as incurred unless such costs meet the criteria for deferral and amortization under IFRS. The criteria include identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, demonstration of the Company's intention and ability to complete the software and use or sell it, identification of a market for the software, the Company's intent to market the software and the existence of adequate resources to complete the project

4.10 Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, including intangible assets, and liabilities of the acquire at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses.

4.11 Impairment of Non-Financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Equipment

Equipment items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the declining balance method at the following annual rates:

Office and furniture	Declining-Balance	20%
Gaming platform	Straight-line	5 years
Gaming rights	Straight-line	3 years

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

4.13 Foreign Exchange

Transactions and Balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive loss.

Subsidiaries

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognised in other comprehensive income as foreign currency translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income (loss). When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred less the recognized amount of the identifiable assets and liabilities assumed, all measured at the acquisition date. Transactions costs, other than those associated with the issue of equity instruments, incurred in connection with a business combination are expensed as incurred.

4.15 Changes in Significant Accounting Policies

There were no new accounting standards adopted during the year.

5. SHARE CAPITAL

5.1 Authorized Share Capital

Unlimited number of Class "A" Common voting shares without par value
Unlimited number of Class "B" Common non-voting shares without par value

5.2 Shares Issued

Shares issued and outstanding as June 30, 2021 are 60,306,498 (June 30, 2020 – 37,990,330) Class A common shares.

During the year ended June 30, 2021, the Company split its shares on the basis of two common shares for each outstanding common share. All common shares, warrants, and options in these consolidated financial statements are stated post-split.

During the year ended June 30, 2021, the Company had the following common share transactions:

i) On August 19, 2020, cancelled 1,250,000 bonus shares in accordance with the terms of a service agreement previously entered. The bonus shares were assigned a $nil value during the period ended June 30, 2019 as they were not expected to vest;

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

5.2 Shares Issued (continued)

ii) On December 11, 2020, acquired the assets of Paradise City Gaming Inc. for an aggregate of 4,500,000 common shares of the Company subject to the escrow terms as outlined in the purchase agreement (Note 9). The Company issued 800,000 Class A common shares of the Company in lieu of cash finders fees. The shares were measured at an estimated fair value of $1,388,023;

iii) On December 22, 2020, the Company issued 16,816,168 units at $0.35 per unit for total gross proceeds of $5,885,659 pursuant to a private placement. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at $0.50 per Class A common share for a period of 24 months from the date of issuance. The Company paid $136,150 in finders' fees and issued 389,000 brokers' warrants in connection with the financing. The brokers' warrants have a fair value of $59,296. Each broker warrant is exercisable at $0.50 for a period of 24 months. The fair value of the broker warrants was determined using the Black-Scholes pricing model using the following assumptions: exercise price $0.50, average volatility 100%, expected life 2 years, risk free rate 0.23%);

During the year ended June 30, 2021, the Company issued the following shares pursuant to consulting services rendered:

Number of Shares	Fair value	Issuance Date
250,000	$0.35	November 30, 2020
1,000,000	$0.35	December 1, 2020
1,250,000		

During the year ended June 30, 2021, the Company issued common shares pursuant to options exercised, as follows:

	Description	Number of shares issued	Options/ RSRs/ warrants exercised	Exercise price	Fair value reclassified to share capital	Proceeds
June 3, 2021	Options exercised	200,000	200,000	0.35	$ 43,056	$ 70,000

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

5.2 Shares Issued (continued)

During the year ended June 30, 2020, the following share transactions occurred:

On July 18, 2019, the Company issued 275,000 Class A common shares at $0.125 per common share for total proceeds of $34,375 pursuant to a private placement of which subscriptions had been received;

On July 19, 2019, the Company issued 4,342,000 units at $0.25 per unit for total proceeds of $1,085,500 pursuant to a private placement of which $168,001 of subscriptions had been received. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at $1.00 for a period of 24 months from the date of issuance. Finders' fees and other share issuance costs totaling $61,666 were paid in cash. The Company also issued 151,760 broker warrants as finders fees, valued at $8,100. Each broker warrant entitles the holder to purchase one Class A common share at a price of $1.00 for a period of 24 months from the date of issuance. The fair value of the broker warrants was determined using the Black-Scholes pricing model using the following assumptions: average volatility 100%, expected life 2 years, risk free rate 1.43%);

On April 13, 2020, the Company issued 5,046,462 Class A common shares as part of the Agreement to acquire Esports (Note 8); and

On May 20, 2020, the Company issued 1,760,000 units at $0.25 per unit for total proceeds of $440,000 pursuant to a private placement. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at $1.00 for a period of 24 months from the date of issuance. Share issuance cost totaled $3,691.

5.3 Warrants

A summary of the changes in the Company's share purchase warrants is a follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2019	**-**	**$ -**
Issued	3,202,760	1.00
Balance, June 30, 2020	**3,202,760**	**$ 1.00**
Issued	8,797,090	0.50
Balance, June 30, 2021	**11,999,850**	**$ 0.63**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

5.3 Warrants (continued)

As of June 30, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,171,000	$1.00	July 19, 2021*
151,760	$1.00	July 19, 2021*
880,000	$1.00	May 20, 2022
8,408,090	$0.50	December 22, 2022
389,000	$0.50	December 22, 2022
11,999,850		

*These warrants expired unexercised subsequent to year end.

As of June 30, 2021, the weighted-average remaining life of the outstanding warrants was 1.16 years.

On September 1, 2020, the Corporation issued an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. Each of the 7,000,000 performance warrant are exercisable to acquire one common share of the Company at a price of $0.05 for a period of three years from the date of issuance, and will vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of $2,500,000 or greater either in a single or in a series of separate transactions in respect of which the vending party is identified and introduced to the Company by the holder of such performance warrants;

Management has applied vesting probability of 0% to the vesting of performance warrants and as a result no expense has been recorded to date.

At June 30, 2021, the following performance warrants were outstanding:

	Performance warrants	Exercise Price
June 30, 2020 and 2019	-	$ -
Granted	7,000,000	0.05
Outstanding, June 30, 2021	**7,000,000**	**$ 0.05**
Vested	-	-
Exercisable, June 30, 2021	**-**	**$ -**

Expiry date	Performance warrants outstanding	Performance warrants exercisable	Exercise Price
September 1, 2023	7,000,000	-	0.05
	7,000,000	**-**	**$ 0.05**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

5.3 Warrants (continued)

At June 30, 2021, the weighted-average remaining life of the outstanding performance warrants was 2.17 years.

5.4 Options

During the year ended June 30, 2021, the Company amended its stock option plan. The amended plan states that the Company may issue up to 20% of the issued and outstanding common shares as incentive stock options, bonus shares, deferred share units, stock appreciation rights, performance share units and restricted share units to its employees, officers, directors and consultants. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issuance and outstanding common shares. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date of the grant, but cannot be less than the discounted market price on the date of grant. Vesting terms are also determined by the Board of Directors.

A summary of the changes in the Company's stock options is as follows:

	Options		Weighted Average Exercise Price
June 30, 2020 and 2019	**-**	**$**	**-**
Granted	5,685,000		0.44
Exercised	(200,000)		(0.35)
June 30, 2021	**5,485,000**	**$**	**0.44**

The Company's stock options as at June 30, 2021 are as follows:

Expiry date	Options outstanding	Options exercisable		Exercise Price
Options				
December 1, 2023	2,300,000	2,300,000	$	0.35
November 22, 2023	750,000	437,500		0.35
May 11, 2024	2,135,000	1,425,000		0.50
May 14, 2024	300,000	300,000		0.92
	5,485,000	**4,462,500**	**$**	**0.44**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

5.4 Options (continued)

At June 30, 2021, the weighted-average remaining life of the outstanding options was 2.62 years.

The fair value of options was determined using the following weighted average Black-Scholes Option Pricing Model assumptions:

		June 30, 2021	June 30, 2020
Share price	$	0.35	-
Exercise price	$	0.35 to 0.92	-
Expected life		3 years	-
Volatility		100%	-
Risk-free interest rate		0.30%	-

During the year ended June 30, 2021, the Company recognized $1,149,416 in share-based payment expense in connection with the options granted.

5.5 Restricted Share Units

During the year ended June 30, 2021, the Company granted the following RSUs subject to certain performance and time-based vesting conditions to directors, officers, and consultants:

	RSUs
June 30, 2020 and 2019	-
Granted	2,560,000
Outstanding, June 30, 2021	**2,560,000**
Vested	450,000
Vested, June 30, 2021	**450,000**

During the year ended June 30, 2021, the Company recognized $761,928 in share-based payment expense in connection with the RSUs granted.

6. PROMISSORY NOTES RECEIVABLE

Pursuant to a promissory note agreement, the Company loaned $508,694 to a third party. The loan bears interest at 4% per annum and is due on demand. Total loan repayments during the year ended June 30, 2021 totaled $20,000 (June 30, 2020 - $474,478) and wrote off the remaining balance of $18,246 (June 30, 2020 - $nil) as uncollectible. The Company recognized interest of $417 (June 30, 2020 - $nil).

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personal were as follows:

	June 30, 2021	June 30, 2020
Management fees	$ 283,832	$ 451,755
Share-based payments	625,075	-
Total	**$ 908,907**	**$ 451,755**

As at June 30, 2021, $73,500 (June 30, 2020 – $246,056) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

During the year ended June 30, 2021, the CEO and director of the Company earned $120,000 for interim CEO services provided (2020 - $30,500). In addition, 700,000 options were granted to a company controlled by the CEO measured at a fair value of $150,696.

During the year ended June 30, 2021, the CFO of the Company earned $72,000 for CFO services provided (2020 - $24,000). In addition, 500,000 options and 250,000 RSRs were granted to a company controlled by the CFO measured at a total fair value of $183,389.

During the year ended June 30, 2021, a Director of the Company earned USD$4,000 for Director services provided (2020 - $nil). In addition, 250,000 options and 250,000 RSRs were granted to the Director measured at a total fair value of $112,496.

During the year ended June 30, 2021, a Director of the Company was granted 250,000 options and 100,000 RSRs measured at a total fair value of $71,747.

During the year ended June 30, 2021, a Director of the Company was granted 250,000 options and 100,000 RSRs measured at a total fair value of $71,747.

During the year ended June 30, 2021, a former Director of the Company earned $87,000 for Director services provided (2020 - $60,000). In addition, 100,000 RSRs were granted to the former director measured at a total fair value of $35,000.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended June 30, 2021, $Nil was paid to the former CEO and director of the Company for CEO services provided (2020 - $169,807).

During the year ended June 30, 2021, $Nil was paid to the former COO of the Company for COO services provided (2020 - $41,237 (USD $30,000)).

During the year ended June 30, 2020, $Nil was paid to a former COO of the Company for COO services provided (2020 - $126,211 (USD $94,000)).

During the year ended June 30, 2021, the Company canceled 1,250,000 bonus shares from the former CEO in accordance with the terms of a service agreement previously entered (Note 5).

8. GOODWILL

Esports Enterprises Inc.

On April 13, 2020, the Company acquired 100% of the shares of Esports for 5,046,462 Class A common shares of the Company with a fair value of $924,056, escrowed as per the terms of the Agreement. The shares are subject to a 36 months leak-out beginning 6 months after the Company's shares are listed on a stock exchange and will be released in equal tranches every 6 months thereafter. The fair value of the shares issued as consideration has been adjusted for a discount for the leak-out provision. This transaction was accounted for as a business combination in accordance with IFRS 3 – Business Combinations, as such the Company used the acquisition method of accounting. The consideration paid in excess of the net assets of the acquired business was $402,561 and is recognized in goodwill.

Consideration		
Common shares	$	924,056
Transaction costs		26,982
Total consideration		**951,038**
Fair value of net assets acquired		
Cash		1,318
Equipment		2,727
Gaming platform		627,000
Total assets		631,045
Accounts payable and accrued liabilities		(65,148)
Due from shareholder		(17,420)
Net assets acquired		**548,477**
Goodwill	**$**	**402,561**

Goodwill arose over the acquisition of Esports due to the benefit of expected revenue growth and future market developments. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes. All acquisitions were dealt with at arm's length at the time of transaction.

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSETS

As of June 30, 2021, the Company holds the following intangible assets:

Gaming Platform

During the year ended June 30, 2020, the Company acquired the gaming platform as part of its acquisition of Esports (Note 8). The gaming platform provides a space for online gamers to watch and play alongside peers, while competing in tournaments to earn prizes. The gaming platform enables cross-platform competition while users are able to stream their live games for others to view around the world, giving casual gamers a look into the world of competitive esports.

Gaming License

On December 8, 2020, the Company entered into an asset purchase agreement with Paradise City Games Inc. ("Paradise City"), pursuant to which the Corporation acquired substantially all of the assets formerly held by Paradise City in exchange for 4,500,000 common shares. In particular, the Corporation acquired certain intellectual property assets and contracts with different movie studios, providing it the right to utilize such intellectual property for developing mobile games. The Corporation issued an additional 800,000 Common Shares to certain finders as finders' fees. The Paradise City asset acquisition was completed on December 11, 2020. The shares issued in connection with the acquisition and finders' fees were valued at $1,388,023. The fair value of the 4,500,000 common shares was determined using a discount for lack of marketability model ("DOLM"), which discounts time-released common shares at rates between 20%-38% and a share price of $0.35 per share.

The Company accounted for the acquisition as an asset purchase arrangement. The asset purchase price was as follows:

Consideration:		
Common shares	$	1,108,023
Finders' fees		280,000
		1,388,023
Allocated to:		
Gaming rights		1,388,023
	$	**1,388,023**

The gaming rights have an expected useful life of 3 years.

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSETS (continued)

As at June 30, 2021, the Company's intangible assets are as follows:

Cost		Gaming platform		Gaming rights		Total
Balance, June 30, 2019	**$**	**-**	**$**	**-**	**$**	**-**
Acquisition date, April 13, 2020		627,000		-		627,000
Additions		105,320		-		105,320
Foreign currency translation		(10,776)		-		(10,776)
Balance, June 30, 2020		**721,544**		**-**		**721,544**
Additions		211,844		-		211,844
Acquisition – December 11, 2020		-		1,388,023		1,388,023
Foreign currency translation		(41,131)		-		(41,131)
Balance, June 30, 2021	**$**	**892,257**	**$**	**1,388,023**	**$**	**2,280,280**

Amortization		Gaming platform		Gaming rights		Total
Balance, June 30, 2020 and 2019	**$**	**-**	**$**	**-**	**$**	**-**
Additions		126,289		347,007		473,296
Balance, June 30, 2021	**$**	**126,289**	**$**	347,007	**$**	**473,296**
Net, June 30, 2020	**$**	**721,544**	**$**	**-**	**$**	**721,544**
Net, June 30, 2021	**$**	**765,968**	**$**	**1,104,016**	**$**	**1,806,984**

10. MOBILE ARENA ASSET

During the year ended June 30, 2020, the Company made deposits towards the construction of a recreational entertainment vehicle (the "Mobile Arena"). At June 30, 2020, the Mobile Arena was in the construction phase with full completion expected for late 2020. The Company paid USD $400,000 ($526,720 CAD) towards the total expected cost of completion. During the year ended June 30, 2020, the Company recorded an impairment charge of $526,720 against Mobile Arena asset as management decided not to continue with the project.

(Expressed in Canadian Dollars)

11. EQUIPMENT

Cost		
Balance, June 30, 2019	**$**	**-**
Acquisition date, April 13, 2020		2,727
Balance, June 30, 2020 and 2021	**$**	**2,727**
Accumulated Depreciation		
Balance, June 30, 2019	**$**	**-**
Additions		115
Balance, June 30, 2020		115
Additions		528
Balance, June 30, 2021	**$**	**643**
Foreign currency translation, June 30, 2020		(58)
Foreign currency translation, June 30, 2021		(106)
Net Book Value		
June 30, 2020	$	2,554
June 30, 2021	$	1,978

12. PREPAID EXPENSES

Prepaid expenses consist of the following:

	June 30, 2021	June 30, 2020
Shares/ RSRs issued for services rendered	335,118	-
Prepaid marketing	1,196,995	-
Sponsorships and other	6,360	17,857
Total	**$ 1,538,473**	**$ 17,857**

(Expressed in Canadian Dollars)

13. INCOME TAX

A reconciliation of income taxes at statutory rates is as follows:

		2021		2020
Loss before income tax	$	(5,339,542)	$	(2,322,577)
Tax rate		27%		27%
Expected tax recovery		(1,442,000)		(627,000)
Non-deductible differences		671,000		-
Share-issuance costs		(37,000)		(4,000)
True-up adjustments		-		(14,000)
Change in unrecognized deductible temporary differences		808,000		645,000
Income tax expense	**$**	**-**	**$**	**-**

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following temporary differences:

		2021		2020
Share issuance costs	$	320,000	$	15,000
Non-capital losses carried forward		1,480,000		700,000
Deferred tax assets not recognized	**$**	**1,512,000**	**$**	**715,000**

The Company's non-capital losses total approximately $5,482,000 (2020 - $2,595,000) available to reduce taxable income of future years. The non-capital losses expire as follows, which can be applied to reduce future table income, expiring as follows:

	2021	Expiry date	2020	Expiry date
Canada	$5,461,000	2038 to 2040	$2,581,000	2038 to 2039
USA	$21,000	No expiry date	$14,000	No expiry date

14. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

15. RISK MANAGEMENT (CONTINUED)

15.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk
Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash is held in large Canadian financial institutions and its GST receivable is due from the Government of Canada. The Company also has promissory notes receivable. There is a risk that this amount will not be collectible due to unforeseen material events.

c. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2021, the Company's working capital is $2,378,453 (June 30, 2020, working capital deficiency - $718,999) and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had cash of $1,716,642 (June 30, 2020 - $8,974), receivables of $nil (June 30, 2020 - $840) and total liabilities of $940,673 (June 30, 2020 - $816,624).

d. Market Risk
Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

e. Currency Risk
The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

(Expressed in Canadian Dollars)

15. RISK MANAGEMENT (continued)

15.1 Financial Risk Management (continued)

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		June 30, 2021	June 30, 2020
Cash	USD$	19,950	580
Accounts payable and accrued liabilities	USD$	(22,773)	(117,202)
Shareholder loan	USD$	(12,500)	(12,500)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of $6,000 (June 30, 2020 – $17,600).

15.2 Fair Values

The carrying values of cash, receivables, promissory notes receivable, accounts payable and accrued liabilities and due from shareholder approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

16. COMMITMENT

On December 13, 2019, the Company partnered with Vancouver Whitecaps FC to become the club's official online esports tournament platform. Whitecaps FC and the Company will host online and live tournaments to scout talent for eMLS.

As consideration for the rights granted to sponsor in this agreement, the Company agreed to make the following payments over two three fiscal years:

2022	$	250,000
2023		71,429
	$	**321,429**

The Company is currently working towards a termination agreement with Vancouver Whitecaps FC.

(Expressed in Canadian Dollars)

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended June 30, 2021 included:

- $59,926 in finders' warrants was recognized as share issuance costs;
- $1,388,023 is recorded within intangible assets pursuant to 5,300,000 common shares issued for the acquisition and finders' fees associated with the Paradise City acquisition; and
- $87,500 is recorded in consulting fees pursuant to 250,000 common shares issued for services rendered; $204,167 is recorded in management fees and $145,833 is recorded in prepaid expense pursuant to 1,000,000 common shares issued for services rendered.

Significant non-cash transactions for the year ended June 30, 2020 included:

- $8,100 in finders' warrants was recognized as share issuance costs;

18. SUBSEQUENT EVENTS

On October 12, 2021, the Company entered into a definitive asset acquisition agreement and software services agreement with Gamesoft Ltd. for Heavy Chips Casino and Sports Betting, an online gaming casino website, for a total purchase price of $300,000. The assets include an online gaming site www.heavychips.com, its database of registered users and affiliates and all intellectual property associated with these assets.

Subsequent to June 30, 2021, the Company granted 300,000 options to consultants at an exercise price of $0.34 for a period of three years and granted 857,143 restricted units with vesting terms over the next 7 months.

Subsequent to June 30, 2021, the Company issued common shares, pursuant to RSRs exercised, as follows:

	Description	Number of shares issued	RSRs exercised	Exercise price	Proceeds
October 7, 2021	RSRs exercised	773,571	773,571	$ Nil	$ Nil