



ALPHA METaverse TECHNOLOGIES INC.
(formerly Alpha Esports Tech Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
MARCH 31, 2022 and 2021**

(Unaudited)

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 condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Alpha Metaverse Technologies Inc. have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three and nine months ended March 31, 2022, have not been reviewed or audited by the Company's independent auditors.

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Financial Position

In Canadian Dollars, unless noted (unaudited)

As at	Notes	March 31, 2022	June 30, 2021
ASSETS			
Current Assets			
Cash		\$ 1,759,575	\$ 1,716,642
Accounts receivable		8,533	-
Subscription receivable		275,000	-
GST receivable		159,522	64,011
Prepaid expenses	4	427,193	1,538,473
		2,629,823	3,319,126
Non-current Assets			
Equipment		188	1,978
Intangible assets	5	1,777,226	1,806,984
Goodwill	6	402,561	402,561
		2,179,975	2,211,523
TOTAL ASSETS		4,809,798	5,530,649
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	9	975,849	940,673
TOTAL LIABILITIES		975,849	940,673
EQUITY			
Share capital	7	14,268,230	10,615,685
Reserves	7	3,665,838	1,935,684
Accumulated other comprehensive income		(37,858)	(41,651)
Deficit		(14,062,261)	(7,919,742)
TOTAL EQUITY		3,833,949	4,589,976
TOTAL LIABILITIES AND EQUITY		\$ 4,809,798	\$ 5,530,649

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

Nature of operations (Note 1), Going concern (Note 2), Commitments (Note 11) and Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Brian Wilneff", Director

"Jonathan Anastas", Director

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss

In Canadian Dollars, unless noted (unaudited)

For the Three and Nine Months Ended March 31,	Three Months Ended		Nine Months Ended	
	2022	2021	2022	2021
REVENUES (Note 8)	\$ 51,513	\$ 11,107	\$ 107,592	\$ 14,576
Cost of Sales	(27,200)	-	(53,117)	-
GROSS MARGIN	24,313	11,107	54,475	14,576
EXPENSES				
Advertising and marketing	846,048	50,148	2,076,789	246,234
Consulting	120,549	350,720	701,271	795,625
Depreciation (Note 5)	186,875	157,724	532,379	313,430
Management fees (Note 9)	59,914	91,500	227,298	276,075
Office and miscellaneous	24,309	53,304	135,126	213,022
Professional fees	124,399	24,806	182,369	134,247
Service fees	49,968	-	96,467	-
Share-based payments (Notes 7 and 9)	264,241	78,751	2,178,887	686,786
Tournament prizes	12,357	11,334	70,033	21,802
Transfer agent and filing fees	14,389	12,691	49,705	12,836
Travel	-	-	5,615	-
OPERATING EXPENSES	(1,703,049)	(830,978)	(6,255,939)	(2,700,057)
TOTAL OPERATING INCOME	(1,678,736)	(819,871)	(6,201,464)	(2,685,481)
Foreign exchange loss	(2,671)	(4,797)	(13,542)	(8,265)
Gain on debt extinguishment	72,487	-	72,487	-
Interest income	-	-	-	417
	69,816	(4,797)	58,945	(7,848)
NET LOSS	(1,608,920)	(824,668)	(6,142,519)	(2,693,329)
Cumulative translation adjustment	(5,884)	3,943	3,793	(28,352)
COMPREHENSIVE LOSS	\$ (1,614,804)	\$ (820,725)	\$ (6,138,726)	\$ (2,721,681)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.10)	\$ (0.06)
Weighted average number of common shares outstanding – Basic and diluted	65,212,653	60,106,498	62,658,907	45,610,953

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

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Equity
In Canadian Dollars, unless noted (unaudited)

	Common Shares (#)	Share Capital	Share Subscriptions	Reserves	Accumulated OCI	Deficit	Total Equity
		\$	\$	\$	\$	\$	\$
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
Share subscription receivable	-	-	(250,000)	-	-	-	(250,000)
Finders' warrants	-	(59,296)	-	59,296	-	-	-
Share-based payment pursuant to options granted	-	-	-	585,642	-	-	585,642
Share-based payment pursuant to Restricted Share Rights ("RSRs") granted	-	-	-	22,393	-	-	22,393
Subscriptions returned	-	-	(250)	-	-	-	(250)
Cumulative translation adjustment	-	-	-	-	(20,942)	-	(20,942)
Loss for the period	-	-	-	-	-	(1,869,849)	(1,869,849)
Balance, December 31, 2020	60,106,498	10,502,629	(250,000)	675,431	(28,325)	(4,450,049)	6,449,686
Balance, June 30, 2021	60,306,498	10,615,685	-	1,935,684	(41,651)	(7,919,742)	4,589,976
Shares issued pursuant to exercise of RSRs	1,442,143	448,733	-	(448,733)	-	-	-
Shares issued pursuant to private placement, net	11,840,500	2,775,465	-	-	-	-	2,775,465
Shares issued pursuant to settlement of indebtedness	2,416,239	676,547	-	-	-	-	676,547
Shares issued pursuant to consulting services rendered	48,000	16,800	-	-	-	-	16,800
Shares cancelled	(720,000)	(265,000)	-	-	-	-	(265,000)
Share-based payment pursuant to broker warrants granted	-	-	-	145,104	-	-	145,104
Share-based payment pursuant to options granted	-	-	-	151,281	-	-	151,281
Share-based payment pursuant to RSRs granted	-	-	-	1,882,502	-	-	1,882,502
Share subscription receivable	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	-	-	3,793	-	3,793
Loss for the period	-	-	-	-	-	(6,142,519)	(6,142,519)
Balance, March 31, 2022	75,333,380	14,268,230	-	3,665,838	(37,858)	(14,062,261)	3,833,949

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

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flow

In Canadian Dollars, unless noted (unaudited)

For the Nine Months Ended March 31,	2022	2021
OPERATING ACTIVITIES	\$	\$
Net loss for the period	(6,142,519)	(2,693,329)
Items not affecting cash		
Depreciation (Note 5)	532,379	313,430
Foreign exchange	13,542	4,494
Interest income	-	(417)
Share-based payments (Note 7)	2,178,887	686,786
Shares issued for services	16,800	437,500
Gain on debt settlement (Note 7)	(72,487)	-
Change in non-cash working capital items:		
Accounts receivable	(8,533)	-
Subscription receivable	(275,000)	-
GST receivable	(95,511)	(59,392)
Prepaid expenses	1,125,092	(928,761)
Accounts payable and accrued liabilities	(229,824)	(48,489)
Cash used in operating activities	(2,957,174)	(2,288,178)
INVESTING ACTIVITIES		
Promissory note received	-	20,000
Gaming platform (Note 5)	(156,643)	(151,241)
Heavycoin.com acquisition (Note 5)	(367,749)	-
Cash used in investing activities	(524,392)	(131,241)
FINANCING ACTIVITIES		
Subscriptions received in advance	-	-
Proceeds - equity issuance (Note 7)	2,775,465	5,749,509
Loan payable	-	-
Change in non-cash working capital items:		
Accounts payable and accrued liabilities (Note 7)	749,034	-
Cash used in financing activities	3,524,499	5,749,509
Net change in cash	42,933	3,330,090
Cash, beginning of period	1,716,642	8,974
Cash, end of period	1,759,575	3,339,064

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

No cash interest paid during the three and nine months ended March 31, 2022 and 2020

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

1. NATURE OF OPERATIONS

Alpha Metaverse Technologies Inc. (formerly Alpha Esports Tech Inc.) (the “Company” or “Alpha”) 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 May 14, 2021, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) under the symbol, “ALPA”.

The Company focuses on using technology and providing services to improve the future of esports and creating a gaming ecosystem for users.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2022.

2. GOING CONCERN

These condensed consolidated interim 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 March 31, 2022, the Company had not yet achieved profitable operations and had a deficit of \$14,062,261 (June 30, 2021 - \$7,919,742) and a working capital surplus of \$1,653,974 (June 30, 2021 – \$2,378,453). 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. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company’s ability to continue as a going concern.

The COVID-19 pandemic continues to impact the global economic recovery. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

3. BASIS OF PRESENTATION

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company’s functional and presentation currency.

These financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using the same accounting policies, judgements, estimates and assumptions as those set out in Notes 3 and 4 of the audited annual consolidated financial statements for the year ended June 30, 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements contain disclosures that are supplemental to the Company’s June 30, 2021 audited consolidated financial statements. Certain disclosures, which are normally required to be included in the notes to the audited annual consolidated financial statements, have been condensed or omitted. The financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended June 30, 2021.

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

4. PREPAID EXPENSES

As at	March 31, 2022	June 30, 2021
Shares / RSRs issued for services rendered	-	335,118
Prepaid marketing	427,193	1,196,995
Sponsorships and other	-	6,360
Total	\$ 427,193	\$ 1,538,473

5. INTANGIBLE ASSETS

Acquisition of Heavy Chips Casino and Sports Betting

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 ("Heavy Chips"), an online gaming casino website, for a total purchase price of \$300,000. The assets include an online gaming site, its database of registered users and affiliates and all intellectual property associated with these assets.

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

Consideration:		
Cash – asset acquisition	\$	300,000
Cash – reserve		35,876
Finders' fees		31,873
		367,749
Allocated to:		
Gaming platform		331,873
Prepaid expenses		35,876
	\$	367,749

At March 31, 2022, the Company's intangible assets are as follows:

Cost	Gaming platform	Gaming rights	Total
Balance, June 30, 2021	\$ 892,257	\$ 1,388,023	\$ 2,280,280
Additions	156,643	-	156,643
Acquisition of Heavy Chips	331,873	-	331,873
Foreign currency translation	20,430	-	20,430
Balance, March 31, 2022	1,401,203	1,388,023	2,789,226
Amortization			
Balance, June 30, 2021	\$ 126,289	\$ 347,007	\$ 473,296
Additions	184,807	347,007	531,814
Balance, March 31, 2022	311,096	694,014	1,005,110
Net book value, beginning of period	765,968	1,041,016	1,806,984
Net book value, end of period	1,090,107	694,009	1,784,116

Alpha Metaverse Technologies Inc.
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6. GOODWILL

Goodwill arose over the acquisition of an esports company in April 2020 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.

7. SHARE CAPITAL

a) Authorized Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

b) Shares Issued

Common shares issued and outstanding as March 31, 2022 are 76,053,380 (June 30, 2021 – 60,306,498).

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 condensed consolidated interim financial statements are stated post-split.

During the nine months ended March 31, 2022, the Company issued common shares as follows:

	Description	Number of shares issued	RSRs exercised	Exercise price	Fair value reclassified to share capital	Proceeds/Value of services
September 2021	RSRs exercised	295,000	295,000	\$ Nil	\$ 83,600	\$ Nil
October 7, 2021	RSRs exercised	478,571	478,571	\$ Nil	\$ 167,500	\$ Nil
November 1, 2021	Share issuance	720,000	N/A	N/A	N/A	\$ 265,000
November 2, 2021	Share issuance	48,000	N/A	N/A	N/A	\$ 16,800
November 19, 2021	RSRs exercised	40,000	40,000	\$ Nil	\$ 12,400	\$ Nil
November 29, 2021	RSRs exercised	189,285	189,285	\$ Nil	\$ 54,893	\$ Nil
November 30, 2021	RSRs exercised	250,000	250,000	\$ Nil	\$ 61,250	\$ Nil
February 17, 2022	RSRs exercised	189,287	189,287	\$ Nil	\$ 79,500	\$ Nil
March 7, 2022 ⁽¹⁾	Share issuance	11,120,500	N/A	\$ Nil	N/A	\$ 2,510,465
March 8, 2022 ⁽²⁾	Share issuance	2,416,239	N/A	\$ Nil	N/A	\$ 676,547
March 31, 2022 ⁽³⁾	Share cancellation	(720,000)	N/A	\$ Nil	N/A	\$ (265,000)

Notes:

- 1) On March 7, 2022, the Company completed the first tranche of its best-efforts private placement offering, issuing an aggregate of 11,120,500 units of the Company (the "Units") at a price equal to \$0.25 per Unit for aggregate gross proceeds of \$2,780,125 (share issuance costs of \$269,660). Each unit is comprised of one common share of the Company and one Common Share Purchase Warrant ("Share Purchase Warrant"). Each Share Purchase Warrant is exercisable to acquire one additional common share at an exercise price of \$0.40 per share until March 7, 2024. As consideration for the services rendered by external firms in connection with the private placement, the Company paid share issuance costs equal to \$269,660 and issued an aggregate of 889,640 broker warrants. Each broker warrant entitles the holder thereof to purchase one Unit, having the same terms of a unit at an exercise price of the warrant equal to the unit price of \$0.25 per unit.
- 2) On March 8, 2022, the Company settled \$749,034 in aggregate indebtedness through the issuance of an aggregate of 2,416,239 common shares in the capital of the Company, with the common shares issued having a deemed value of \$0.31 per common share. The settlement led to gain on settlement of \$72,487.
- 3) The Company cancelled shares 720,000 shares that were issued in error on November 1, 2021.

Alpha Metaverse Technologies Inc.
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In Canadian Dollars, unless noted (unaudited)

c) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2021	11,999,850	\$ 0.63
Granted	11,250,500	0.40
Cancelled	(2,322,760)	1.00
Balance, March 31, 2022	20,927,590	\$ 0.47

As of March 31, 2022, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
880,000	\$1.00	May 20, 2022
8,408,090	\$0.50	December 22, 2022
389,000	\$0.50	December 22, 2022
11,250,500	\$0.40	March 7, 2024
20,927,590		

As of March 31, 2022, the weighted-average remaining life of the outstanding warrants was 1.35 years.

d) Broker Warrants

As consideration for the services rendered by external firms in connection with the private placement (Note 7b), the Company issued an aggregate of 889,640 broker warrants. Each broker warrant entitles the holder thereof to purchase one Unit, having the same terms of a unit at an exercise price of the warrant equal to the unit price of \$0.25 per unit.

During the nine months ended March 31, 2022, the Company recognized \$145,104 in share-based payment expense in connection with the broker warrants granted.

At March 31, 2022, the weighted-average remaining life of the outstanding performance warrants was 1.93 years.

e) Performance Warrants

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.

At March 31, 2022, management has applied vesting probability of 0% to the vesting of performance warrants and as a result no expense has been recorded to date.

Pursuant to the acquisition of Shape (Note 13) closing on May 5, 2022, the Company will recognize finders' performance warrants expense on 3,500,000 performance warrants expected to vest. The expense will be recorded in the three months ended June 30, 2022. The remaining 3,500,000 performance warrants, management will continue to apply a vesting probability of 0%.

Alpha Metaverse Technologies Inc.
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In Canadian Dollars, unless noted (unaudited)

At March 31, 2022, the weighted-average remaining life of the outstanding performance warrants was 1.67 years.

f) Options

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

	Options	Weighted Average Exercise Price
Balance, June 30, 2021	5,485,000	\$ 0.44
Granted	300,000	0.34
Balance, March 31, 2022	5,785,000	\$ 0.43

The Company's stock options as at March 31, 2022 are as follows:

Expiry date	Options outstanding	Options exercisable	Exercise Price
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
October 7, 2024	300,000	133,333	0.34
	5,785,000	4,595,833	\$ 0.43

At March 31, 2022, the weighted-average remaining life of the outstanding options was 1.90 years.

During the nine months ended March 31, 2022, the Company recognized \$151,281 in share-based payment expense in connection with the granting and vesting of options.

The fair value of options granted during the nine-month period ended March 31, 2022 was determined using the following weighted average Black-Scholes Option Pricing Model assumptions:

	March 31, 2022
Share price	\$ 0.34
Exercise price	\$ 0.34
Expected life	2 to 3 years
Volatility	100%
Risk-free interest rate	0.70%

g) Restricted Share Rights

During the nine months ended March 31, 2022, the Company granted the following RSRs subject to certain performance and time-based vesting conditions to directors, officers, and consultants:

	RSUs
Balance, June 30, 2021	2,560,000
Granted	857,143
Exercised	(1,147,143)
Balance, March 31, 2022	1,975,000

During the nine months ended March 31, 2022, the Company recognized \$1,878,502 in share-based payment expense related to the granting and vesting of RSRs.

Alpha Metaverse Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended March 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

8. REVENUE

During the periods ended March 31, 2022 and 2021, the Company recognized revenue from the following unique revenue streams:

	March 31, 2022	March 31, 2021
	\$	\$
Online gaming	72,697	14,576
Product development	28,126	-
Monthly subscriptions	6,769	-
Total	107,592	14,576

9. 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 during the periods ended March 31, 2022 and 2021 were as follows:

	March 31, 2022	March 31, 2021
	\$	\$
Management fees ⁽¹⁾⁽²⁾⁽³⁾	208,548	202,167
Share-based payments ⁽²⁾⁽³⁾	391,526	389,505
Total	600,274	591,672

Notes:

- 1) For the nine-months ended March 31, 2022, the Company incurred \$109,001 of management fees in provision of CEO services from companies controlled by the CEO and former CEO of the Company.
- 2) For the nine-months ended March 31, 2022, the Company incurred \$54,000 of management fees and \$85,267 of share-based payments in provision of CFO services from a company controlled by the CFO and Director of the Company.
- 3) For the nine-months ended March 31, 2022, the Company incurred \$45,547 of management fees and \$306,458 in share-based payments in provision of director services from companies controlled by Directors of the Company.

10. 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.

Alpha Metaverse Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended March 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

11. RISK MANAGEMENT

11.1 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. Accounts receivable are nominal in nature and does not expose the Company to credit risk.

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 March 31, 2022, the Company's working capital is \$1,653,974 (June 30, 2021 - \$2,378,453) 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 March 31, 2022, the Company had cash of \$1,759,575 (June 30, 2021 - \$1,716,642).

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.

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

		March 31, 2022	June 30, 2021
Cash	USD\$	13,159	19,950
Accounts receivable	USD\$	357	-
Accounts payable and accrued liabilities	USD\$	(34,281)	(22,773)

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 \$1,600 increase or decrease in the Company's net loss (June 30, 2021 – \$300).

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

11.2 Fair Values

The carrying values of cash and accounts payable and accrued liabilities 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).

12. COMMITMENTS

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 during the following fiscal years:

2022	\$	250,000
2023		71,429
	\$	<u>321,429</u>

As of March 31, 2022, the Company has not made the fiscal 2022 payment and is working towards a termination agreement with Vancouver Whitecaps FC.

13. SUBSEQUENT EVENT

On April 13, 2022, the Company signed a definitive agreement with Shape Immersive Entertainment Inc (“Shape”) and all the shareholders of Shape, to acquire 100% of the issued and outstanding share capital of Shape (the “Acquisition”).

On May 5, 2022, the Company completed the acquisition for the following consideration (certain escrow restrictions apply):

- Payment of an aggregate \$500,000 in cash to the Shape Shareholders (collectively) on the closing date of the Acquisition (the “Closing Date”);
- Issuance of an aggregate 14,000,000 common shares in the capital of the Company (each, a “Alpha Share”) to the Shape Shareholders (collectively) on the Closing Date;
- Payment of an aggregate \$500,000 in cash to the Shape Shareholders (collectively) within one hundred and eighty (180) days following the Closing Date; and
- Issuance of an aggregate of 840,000 Alpha Shares to certain individuals for services rendered in connection with the successful completion of the transaction contemplated by the Agreement on the Closing Date.

In connection with the acquisition of Shape, 3,500,000 performance warrants that were issued on September 1, 2020 to certain consultants have vested in accordance with their terms and become exercisable. See Note 7 for additional information.