ALPHAGEN INTELLIGENCE CORP.
(FORMERLY: ALHA METAVERSE TECHNOLOGIES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

In Canadian Dollars, unless noted
(Audited)

DeVISSER GRAY LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AlphaGen Intelligence Corp. (formerly Alpha Metaverse Technologies Inc.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AlphaGen Intelligence Corp. (formerly Alpha Metaverse Technologies Inc.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022 and its financial performance and its cash flows for the years 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 audit 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 $17,802,614 as at June 30, 2023, and although the Company has increased its revenues during the year, there is no assurance that it will continue to do so as the Company continues to develop its business verticals. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Impairment assessment of goodwill	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3(d) Significant accounting judgements and estimates – Impairment considerations, notes 4(b) and 4(i) Impairment and Goodwill accounting policies, and note 6 – Goodwill As disclosed in the consolidated statement of financial	Evaluated the reasonableness of recoverable amount of Goodwill, which included the following: • Evaluated the appropriateness of the model developed by a third party consultant in determining the book enterprise value of the asset.

position as at June 30, 2023, the Company has recorded \$2.4 million of Goodwill related to the acquisition of Shape Immersive. The Company conducts an impairment assessment annually to determine if events or circumstances indicate that impairment indicators exist. An impairment loss is recognized if the carrying amount of the Goodwill asset exceeds its recoverable amount. The assumptions applied by management in estimating the value of the Goodwill asset based on the external valuation included projected annual revenues and expenses within Shape Immersive, as well as the discount rates used to calculate the present values of these amounts. We considered this a key audit matter due to the significant judgements made by management in developing the assumptions to determine the recoverable amount as at June 30, 2023.	• Tested the reasonableness of the inputs used in determining the recoverable amount of the asset to external third-party information as well as industry forecasts. • Assessed the appropriateness of the discount rates utilized within the model. • Examined the disclosure made in the consolidated financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 30, 2023

AlphaGen Intelligence Corp.
Consolidated Statements of Financial Position
In Canadian Dollars, unless noted

As at	Notes		June 30, 2023		June 30, 2022
ASSETS					
Current Assets					
Cash		$	154,356	$	1,207,860
Accounts receivable			465,027		72,751
GST receivable			19,549		178,028
Other receivable			140,899		-
			779,831		**1,458,639**
Non-current Assets					
Goodwill	**5, 6**		2,425,425		2,425,425
TOTAL ASSETS			**3,205,256**		**3,884,064**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	**10**		428,713		723,524
Acquisition payable	**5**		65,000		500,000
			493,713		**1,223,524**
Non-current Liabilities					
Government loan	**7**		60,000		60,000
TOTAL LIABILITIES			**553,713**		**1,283,524**
EQUITY					
Share capital	**8**		15,950,678		15,886,678
Reserves	**8**		4,541,337		3,504,756
Accumulated other comprehensive income			(37,858)		(37,858)
Deficit			(17,802,614)		(16,753,036)
TOTAL EQUITY			**2,651,543**		**2,600,540**
TOTAL LIABILITIES AND EQUITY		**$**	**3,205,256**	**$**	**3,884,064**

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

Nature of operations (Note 1) and going concern (Note 2)

Approved on behalf of the Board of Directors:

"Brian Wilneff", Director *"Jonathan Anastas",* Director

AlphaGen Intelligence Corp.
Consolidated Statements of Comprehensive Loss
For the Years Ended June 30, 2023 and 2022
In Canadian Dollars, unless noted

	For the year Ended June 30,			
		2023		2022
REVENUES (Note 9)	$	2,064,182	$	209,734
Cost of Sales		(788,767)		(107,154)
GROSS MARGIN		**1,275,415**		**102,580**
EXPENSES				
Advertising and marketing		6,752		2,535,980
Consulting and payroll		762,910		797,069
Depreciation		-		715,928
Management fees (Note 10)		337,886		300,035
Office and miscellaneous		139,631		157,694
Professional fees		98,787		286,702
Share-based payments (Note 8)		1,100,581		1,886,451
Tournament prizes		20,942		118,728
Transfer agent and filing fees		52,436		68,977
OPERATING EXPENSES		**(2,519,925)**		**(6,867,564)**
TOTAL OPERATING LOSS		**(1,244,510)**		**(6,764,984)**
Foreign exchange gain (loss)		13,648		(16,327)
Gain on debt extinguishment		-		104,647
Reversal of liabilities		257,953		-
Interest expense		(4,310)		-
Bad debt expense		(72,359)		-
Loss on disposal of assets (Note 5)		-		(225,045)
Impairment of intangible assets (Note 5)		-		(1,403,024)
Impairment of goodwill (Note 5)		-		(402,561)
Transaction costs (Note 5)		-		(126,000)
		194,932		(2,068,310)
NET LOSS		**(1,049,578)**		**(8,833,294)**
Cumulative translation adjustment		-		3,793
COMPREHENSIVE LOSS	**$**	**(1,049,578)**	**$**	**(8,829,501)**
Loss per share, basic and diluted	$	(0.01)	$	(0.13)
Weighted average number of common shares outstanding – Basic and diluted		90,845,709		62,781,626

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

AlphaGen Intelligence Corp.

Consolidated Statements of Changes in Equity

For the Years Ended June 30, 2023 and 2022
In Canadian Dollars, unless noted

	Common Shares	Share Capital	Reserves	Accumulated OCI	Deficit	Total Equity
	#	$	$	$	$	$
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 RSRs exercised	1,442,143	462,483	(462,483)	-	-	-
Shares issued pursuant to private placement, net	11,020,500	2,450,187	-	-	-	2,450,187
Shares issued pursuant to settlement of indebtedness	3,214,239	811,187	-	-	-	811,187
Shares issued pursuant to the acquisition of Shape	14,840,000	1,692,240	-	-	-	1,692,240
Fair value of broker warrants granted	-	(145,104)	145,104	-	-	-
Share-based payment pursuant to performance warrants vested	-	-	317,144	-	-	317,144
Share-based payment pursuant to options granted	-	-	159,717	-	-	159,717
Share-based payment pursuant to RSRs granted	-	-	1,409,590	-	-	1,409,590
Cumulative translation adjustment	-	-	-	3,793	-	3,793
Loss for the year	-	-	-	-	(8,833,294)	(8,833,294)
Balance, June 30, 2022	**90,823,380**	**15,886,678**	**3,504,756**	**(37,858)**	**(16,753,036)**	**2,600,540**
Shares issued pursuant to RSRs exercised	400,000	64,000	(64,000)	-	-	-
Share-based payment pursuant to options granted	-	-	7,205	-	-	7,205
Share-based payment pursuant to RSRs granted	-	-	1,093,376	-	-	1,093,376
Loss for the year	-	-	-	-	(1,049,578)	(1,049,578)
Balance, June 30, 2023	**91,223,380**	**15,950,678**	**4,541,337**	**(37,858)**	**(17,802,614)**	**2,651,543**

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

AlphaGen Intelligence Corp.
Consolidated Statements of Cash Flow
For the Years Ended June 30, 2023 and 2022
In Canadian Dollars, unless noted

For the Year Ended June 30,	2023	2022
OPERATING ACTIVITIES		
Net loss for the year	$ (1,049,578)	$ (8,833,294)
Items not affecting cash:		
Foreign exchange	-	16,327
Bad debt expense	72,359	-
Reversal of liabilities	(257,953)	-
Gain on debt extinguishment	-	(104,647)
Depreciation	-	715,928
Impairment of intangible assets (Note 5)	-	1,403,024
Impairment of goodwill (Note 5)	-	402,561
Loss on disposal of assets (Note 5)	-	225,045
Share-based payments (Note 8)	1,100,581	1,886,451
Shares issued for services (Note 8)	-	150,000
Shares issued for transaction costs (Notes 5 and 8)	-	126,000
Change in non-cash working capital items:		
Accounts receivable	(464,635)	(13,236)
GST receivable	158,479	(101,763)
Other receivable	(140,899)	1,577,032
Accounts payable and accrued liabilities	(36,858)	435,052
Cash used in operating activities	**(618,504)**	**(2,115,520)**
INVESTING ACTIVITY		
Acquisition of Shape (Note 5)	(435,000)	(500,000)
Gaming platform (Note 5)	-	(229,431)
Gaming rights (Note 5)	-	(7,900)
Heavy Chips acquisition (Note 5)	-	(226,873)
Cash acquired through acquisition of Shape (Note 5)	-	120,755
Cash used in investing activities	**(435,000)**	**(843,449)**
FINANCING ACTIVITIES		
Proceeds from private placement (Note 8)	-	2,450,187
Cash provided by financing activities	**-**	**2,450,187**
Net change in cash	(1,053,504)	(508,782)
Cash, beginning of year	1,207,860	1,716,642
Cash, end of year	**154,356**	**1,207,860**

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

No interest paid during the years ended June 30, 2023 and 2022.

1. NATURE OF OPERATIONS

AlphaGen Intelligence Corp. (Formerly: Alpha Metaverse Technologies 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 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".

The Company is a technology-driven organization specializing in the creation of immersive content for the metaverse and augmented reality landscapes. Our expertise extends to various domains, including gaming and gaming-as-a-service (GaaS) applications, as well as the implementation of generative artificial intelligence (AI). We are dedicated to metaverse development and offer services aimed at enhancing the profitability and engagement within esports and gaming ecosystems.

These consolidated financial statements (the "financial statements") were approved by the Board of Directors on October 30, 2023.

2. GOING CONCERN

These 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. During the year ended June 30, 2023, the Company realized a net loss of $1,049,578 (2022 - $8,833,294), and as of June 30, 2023, has an accumulated deficit of $17,802,614 (June 30, 2022 - $16,753,036) and working capital of $286,118 (June 30, 2022 – $235,115). 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. Although the Company has increased its revenues during the year ended June 30, 2023, there is no assurance that it will continue to do so as the Company continues to develop its business verticals. 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 Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

3. BASIS OF PRESENTATION

a) Basis of preparation

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. 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.

b) Basis of consolidation

These consolidated financial statements include the operations of the Company and its subsidies, as follows:

Subsidiary	Country	Ownership Percentage
Esports Enterprises Inc.	USA – Delaware	100%
GamerzArena LLC	USA – Delaware	100%
Shape Immersive Entertainment Inc.	Canada – British Columbia	100%

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances have been eliminated.

c) Foreign currencies

The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

d) Significant accounting judgements and estimates

The timely preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at June 30, 2023, management has identified the following material estimates:

i) Share-based payments

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii) Estimated 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.

iii) Impairment considerations
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.

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

i) 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.

ii) 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.

iii) Gaming platform – research versus development costs
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.

iv) Reversal of liabilities
In determining whether to reverse certain liabilities, management is required to make judgements about whether a sufficient period of time has passed since the specified vendors have requested payment. After a sufficient amount of time has passed without contact, the Company elects to reverse the associated liabilities and record a recovery on the statement of comprehensive loss.

v) **Revenue recognition – performance obligations**
Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

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

i. Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition.

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

ii. Measurement
Financial assets and liabilities at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, net of any impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or 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 profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value less transaction costs. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

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 profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv. **Derecognition**
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 profit or loss.

Financial liabilities are removed from the consolidated statement of financial position when the contract is extinguished, or, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss is recorded in profit or loss.

b. Impairment

At each consolidated statement of financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal 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 or cash generating unit 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.

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

c. 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 issue date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

d. Share-based payments

The Company's share option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date and the fair value of non-employee options is at the grant date or over the period such services are received. Each tranche of employee and non-employee options granted is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black- Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve is credited to share capital, adjusted for any consideration paid.

e. 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 consolidated 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 using the liability method 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.

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 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.

f. Earnings (loss) per share

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

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.

g. 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.

h. 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

i. 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 acquiree 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.

j. 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.

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.

k. Amortization and Depreciation

Amortization and depreciation is recognized using the declining balance method at the following annual rates:

Type	Method	Term
Gaming platform	Straight-line	Five years
Gaming rights	Straight-line	Three years

l. Foreign exchange

i) 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.

ii) 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.

m. Revenue

The Company derives revenue principally from online gaming (i.e. tournaments), product development and monthly subscriptions.

The Company evaluates and recognizes revenue by:
1) identifying the contract(s) with the customer;
2) identifying the performance obligations in the contract;
3) determining the transaction price;
4) allocating the transaction price to performance obligations in the contract; and
5) recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., “transfer of control”).

Sales of our software services are recognized in the accounting year in which the services are rendered. For fixed-price contracts, revenue is recognized based on the stage of completion of the arrangement determined using the percentage of completion method by measuring outputs. The revenue from these contracts is recognized when the outcome of the contract can be estimated reliably. Any consulting services provided is recognized over time as it is earned, when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably and collection is reasonably assured.

Sales of our online gaming are determined to have one distinct performance obligation: the online tournament. We recognize revenue from these arrangements as the service is provided.

In Canadian Dollars, unless noted

Sales of our product development are determined to have one distinct performance obligation: the delivery of the product to the customer. We recognize revenue from these arrangement as the performance obligation is satisfied.

Sales of our subscriptions are deemed to be one performance obligation and we recognize revenue from these arrangements rateably over the subscription term as the performance obligation is satisfied.

n. 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.

5. INTANGIBLE ASSETS

At June 30, 2023, the Company's intangible assets are as follows:

	Gaming Platform	Gaming Rights	Heavy Chips	Total
Cost				
Balance, June 30, 2021	**$ 892,257**	**$ 1,388,023**	**$ -**	**$ 2,280,280**
Additions	259,451	7,900	331,873	599,224
Disposition	-	-	(331,873)	(331,873)
Impairment	(1,156,020)	(1,395,923)	-	(2,551,943)
Foreign currency translation	4,312	-	-	4,312
Balance, June 30, 2022 and 2023	**$ -**	**$ -**	**$ -**	**$ -**
Amortization				
Balance, June 30, 2021	**$ 126,289**	**$ 347,007**	**$ -**	**$ 473,296**
Additions	212,289	463,334	29,941	705,564
Disposition	-	-	(29,941)	(29,941)
Impairment	(338,578)	(810,341)	-	(1,148,919)
Balance, June 30, 2022 and 2023	**$ -**	**$ -**	**$ -**	**$ -**
Net book value, June 30, 2021	**$ 765,968**	**$ 1,041,016**	**$ -**	**$ 1,806,984**
Net book value, June 30, 2022	**$ -**	**$ -**	**$ -**	**$ -**
Net book value, June 30, 2023	**$ -**	**$ -**	**$ -**	**$ -**

Acquisition and Disposition 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. ("Gamesoft") to acquire Heavy Chips Casino and Sports Betting ("Heavy Chips"), an online gaming casino website, for a total purchase price of $300,000. The assets included 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.

In Canadian Dollars, unless noted

The asset purchase price was as follows:

Consideration:		
Asset acquisition – cash	$	195,000
Asset acquisition – shares		105,000
Reserve – cash		35,876
Finders' fees – cash		31,873
		367,749
Allocated to:		
Gaming platform		331,873
Prepaid expenses		35,876
	$	**367,749**

During the year ended June 30, 2022, the Company sold the Heavy Chips platform back to Gamesoft for total consideration of $76,887, which was equal to the total amount payable to Gamesoft related to the operations of Heavy Chips. With respect to the disposition, the Company recognized a loss on disposition of assets of $225,045.

Acquisition of Shape Immersive Entertainment Inc. ("Shape")

The Company completed the acquisition of Shape on May 5, 2022 pursuant to the following consideration (with acquisition shares subject to certain escrow restrictions):

a) Payment of an aggregate of $500,000 in cash to the Shape shareholders on the closing date of the acquisition (paid);
b) Issuance of an aggregate of 14,000,000 common shares in the capital of the Company to the Shape shareholders on the closing date (issued);
c) Payment of an aggregate of $500,000 in cash to the Shape shareholders by November 1, 2022 (paid); and
d) Issuance of an aggregate of 840,000 common shares to certain individuals for services rendered in connection with the successful completion of the transaction (issued).

On December 28, 2022, the Company amended the acquisition agreement ("Amended Agreement"), deferring payment of the second $500,000 ("Second Payment") until September 24, 2023, provided, however, that:

i) Shape has positive net income (adjusted for certain non-cash items) during a calendar month, in which case the Company will pay down all or part of the Second Payment; or
ii) The Company raises sufficient debt or equity financing to satisfy any remaining amount due, in which case the Company will pay the Second Payment.

During the year ended June 30, 2023, a total of $435,000 was paid towards the Second Payment with the remaining $65,000 paid subsequent to June 30, 2023. Further, all common shares issued for the Shape acquisition were released from their escrow provisions.

Per the terms of the Acquisition, the Company is obligated to issue up to maximum of 9,000,000 additional common shares of Alpha, subject to the achievement of certain milestones as set out in the agreement.

The Acquisition has been accounted for in accordance with the acquisition method under IFRS 3. Under the acquisition method, assets and liabilities are recorded at their fair values on the date of the acquisition and the total consideration is allocated to the tangible and intangible assets acquired and liabilities assumed. These consolidated financial statements include the results of operations of Shape for the period following the Acquisition on May 4, 2022.

In Canadian Dollars, unless noted

The fair value of assets acquired, and liabilities assumed in a business combination, including contingent consideration and goodwill, is estimated based on information available at the date of acquisition. Various valuation techniques are applied for measuring fair value. Changes in these variables used within the fair value techniques could significantly impact the carrying value of the net assets.

The fair value at May 4, 2022 of the assets and liabilities acquired is outlined in the table below:

	$
Net Assets / Liabilities Acquired	
Cash	120,755
Accounts receivable	59,515
GST receivable	12,254
Prepaid expenses	2,683
Equipment	5,608
Government loan	(60,000)
Net assets acquired	**140,815**
Consideration	
Cash	500,000
Cash - payable November 1, 2022	500,000
Common shares issued - 14,000,000 common shares	1,566,240
Total Consideration	**2,566,240**
Goodwill Acquired	**2,425,425**

The total value of $1,566,240 for the common shares issued was determined using a discount for lack of marketability model ("DOLM") which generated a share price of approximately $0.12 per share.

The transaction costs of $126,000 related to the Acquisition were expensed in the statement of net loss and comprehensive loss.

Gaming License – Paradise City Games Inc.

On December 8, 2020, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Paradise City Games Inc. ("Paradise City") to acquire certain intellectual property assets and contracts with different movie studios held by Paradise City in exchange for 4,500,000 common shares of the Company (valued at $1,108,023). In connection with the Asset Purchase Agreement, the Company issued an additional 800,000 common shares to certain finders as finders' fees (valued at $280,000). The total consideration of $1,388,023 was determined using a DOLM which generated a share price of $0.35 per share and was capitalized as gaming rights.

During the year ended June 30, 2022, the Company impaired the total net carrying amount of gaming rights.

Gaming Platform – Esports Enterprises Inc.

During the year ended June 30, 2020, the Company acquired a gaming platform as part of its acquisition of Esports Enterprises Inc. During the year ended June 30, 2022, the Company impaired the total net carrying amount of gaming platform.

In Canadian Dollars, unless noted

6. GOODWILL

The following is a continuity of the Company's goodwill as of June 30, 2023 and 2022:

	$
Balance, June 30, 2021	**402,561**
Impairment	(402,561)
Additions – Acquisition of Shape (Note 5)	2,425,425
Balance, June 30, 2022 and 2023	**2,425,425**

Goodwill arose over the acquisition of Shape 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.

During the year ended June 30, 2022, in connection with the impairment of the gaming platform, the Company fully impaired the Goodwill associated with the acquisition of Esports Enterprises Inc.

7. GOVERNMENT LOAN

Prior to its acquisition by the Company, Shape entered into an agreement with Western Economic Diversification Canada to receive a term loan of $60,000 under the Regional Relief and Recovery Fund program (the "Government Loan"). The Government Loan was used to pay for operating costs during a period where the Company's revenues were temporarily reduced due to economic impacts of the COVID-19 virus. Under the terms of the agreement, provided that 67% ($40,000) of the Government Loan is repaid on or before December 31, 2023, the remaining 33% ($20,000) will be forgiven. The outstanding amount of the Government Loan that is not repaid by December 31, 2023 becomes immediately repayable in 24 consecutive monthly instalments beginning January 1, 2024.

8. SHARE CAPITAL

a) Authorized and Issued 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).

During the year ended June 30, 2023, the Company had the following common shares transactions:

i. 400,000 restricted-share-units were converted to common shares. The fair value of $64,000 was transferred from reserves to share capital.

During the year ended June 30, 2022, the Company had the following common share transactions:

ii. On November 2, 2021, issued 48,000 common shares (valued at $14,640) to settle a debt of $16,800, recognizing a gain on debt settlement of $2,160.

iii. On March 7, 2022, completed a private placement by issuing 11,020,500 common share units at $0.25 per unit for total gross proceeds of $2,755,125. Each unit was comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at a price of $0.40 for one common share until March 7, 2024. In connection of the private placement, the Company paid $304,938 of broker fees in cash and granted 889,640 broker warrants (valued at $145,104). Each broker warrant is exercisable into one unit at a price of $0.25 per unit, and expiring on March 7, 2024. Each of these units contains one common share and one share purchase warrant. The unit warrants have the same terms as those issued in the private placement. The fair value of the broker warrants was determined using the Black-Scholes pricing model based on the following assumptions: risk-free interest rate of 1.41%, expected stock price volatility of 100%, expected life of 2 years, and expected dividend yield of $nil.

In Canadian Dollars, unless noted

iv. On March 8, 2022, issued 2,416,239 common shares (valued at $676,547) to settle a total debt of $749,034, recognizing a gain on debt settlement of $72,487.

v. On May 4, 2022, issued 14,840,000 common shares (valued at $1,692,240) in connection with the acquisition of Shape (Note 5).

vi. On June 8, 2022, issued 750,000 common shares (valued at $120,000) to settle a debt of $150,000, recognizing a gain on debt settlement of $30,000.

vii. 1,442,143 restricted-share-units were converted to common shares. The fair value of $462,483 was transferred from reserves to share capital.

b) 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	11,910,140	0.39
Expired	(3,202,760)	1.00
Balance, June 30, 2022	**20,707,230**	**0.44**
Expired	(8,797,090)	0.50
Balance, June 30, 2023	**11,910,140**	**0.39**

Expiry Date	Exercise Price ($)	Number of Warrants
March 7, 2024	0.40	11,020,500
March 7, 2024	0.25	889,640
Balance, June 30, 2023	**0.39**	**11,910,140**

On December 22, 2022, 8,797,090 warrants with an exercise price of $0.50 per warrant expired unexercised.

As at June 30, 2023, the weighted average remaining life of these outstanding warrants was 0.69 years (June 30, 2022 – 1.17 years).

c) Performance Warrants

On September 1, 2020, the Company granted an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. These warrants were to become exercisable subject to the Company achieving certain milestones.

During the year ended June 30, 2022, 50% of the performance warrants (3,500,000 performance warrants) vested and became exercisable. As a result, the Company recognized the fair value of the performance warrants in share-based payments, which was measured at $317,144 using the Black-Scholes pricing model based on the following assumptions: risk-free interest rate of 2.61%, expected stock price volatility of 100%, expected life of 1.33 years, and expected dividend yield of $nil. At June 30, 2023, the weighted-average remaining life of the performance warrants was 0.17 years (June 30, 2022 – 1.17 years).

On September 1, 2023, the 3,500,000 unvested performance warrants expired unexercised.

In Canadian Dollars, unless noted

d) Options

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

	Number of Options	Weighted Average Exercise Price ($)
Balance, June 30, 2021	**5,485,000**	**0.44**
Granted	300,000	0.34
Balance, June 30, 2022	**5,785,000**	**0.43**
Cancelled	(350,000)	0.39
Granted	1,350,000	0.14
Balance, June 30, 2023	**6,785,000**	**0.38**

As at June 30, 2023, the Company held the following options:

Expiry date	Options outstanding	Options exercisable		Exercise Price
November 22, 2023	500,000	500,000	$	0.35
December 1, 2023	2,300,000	2,300,000		0.35
May 11, 2024	2,035,000	2,035,000		0.50
May 14, 2024	300,000	300,000		0.92
October 7, 2024	300,000	300,000		0.34
June 21, 2026	1,350,000	-		0.14
	6,785,000	**5,435,000**	**$**	**0.38**

At June 30, 2023, the weighted-average remaining life of the options was 1.12 years (June 30, 2022 – 1.65 years).

During the year ended June 30, 2023, the Company recognized $7,205 in share-based payment expense related to the granting and vesting of options (2022 - $159,717). These amounts were valued using the Black-Scholes Option Pricing Model based on the following assumptions:

	June 30, 2023	June 30, 2022
Risk-free interest rate	4.22%	0.50% - 0.70%
Expected life	3 years	3 years
Expected volatility	140%	100%
Expected dividend yield	Nil	Nil

In Canadian Dollars, unless noted

e) Restricted Share Rights ("RSUs")

A summary of the changes in the Company's RSUs:

	Number of Units
Balance, June 30, 2021	**2,560,000**
Granted	857,143
Converted to common shares	(1,442,143)
Balance, June 30, 2022	**1,975,000**
Granted	8,100,000
Cancelled	(100,000)
Converted to common shares	(400,000)
Balance, June 30, 2023, Outstanding	**9,575,000**
Balance, June 30, 2023, Exercisable	**9,275,000**

During the year ended June 30, 2023, the Company recognized $1,093,376 in share-based payments related to the RSUs granted (2022 - $1,409,590).

9. REVENUES AND SEGMENTED DISCLOSURES

During the years ended June 30, 2023 and 2022, the Company recognized revenue from the following segmented revenue streams:

For the Year Ended June 30,	2023	2022
	$	$
Software services	-	52,371
Online gaming	-	72,697
Product development – United States based	2,055,192	72,913
Monthly online subscriptions	8,990	11,753
Total	**2,064,182**	**209,734**

The Company's major customers for its product development revenues are as follows:

For the Year Ended June 30,	2023	2022
	$	$
Customer 1	1,779,565	-
Customer 2	221,020	-
Customer 3	54,607	-

* *During the year ended June 30, 2022, no individual customer accounted for a significant portion of the Company's revenues.*

The Company's cost of sales consists of cost of direct labour related to the creation of product development. All of the Company's assets and labour is located in Canada.

10. 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.

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which the amount agreed to by the related parties.

In Canadian Dollars, unless noted

The aggregate value of transactions relating to key management personal during the years ended June 30, 2023 and 2022 were as follows:

For the Year Ended June 30,	2023	2022
	$	$
Management fees(1)(2)(3)(4)	337,886	300,036
Share-based payments	166,337	404,203
Total	**504,223**	**704,239**

Notes:
1) For the year ended June 30, 2023, the Company incurred $201,535 (2022 - $142,315) of management fees in provision of CEO services from the CEO of the Company.
2) For the year ended June 30, 2023, the Company incurred $72,000 (2022 - $72,000) of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
3) For the year ended June 30, 2023, the Company incurred $64,351 (2022 - $55,721) of management fees in provision of director services from a company controlled by Director of the Company.
4) For the year ended June 30, 2022, the Company incurred $30,000 of management fees in provision of CEO services to the former CEO of the Company.

As at June 30, 2023, a balance of $89,045 was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at June 30, 2023, the Company had a balance of $40,000 of loan payable owing to a director of the Company with this amount included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

11. INCOME TAXES

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

	June 30, 2023	June 30, 2022
	$	$
Loss before income tax	(1,049,578)	(8,833,294)
Tax rate	27%	27%
Expected tax recovery	(283,000)	(2,439,000)
Non-deductible differences	310,000	1,264,000
Share-issuance costs	-	(85,000)
True-up of prior period amounts	83,000	-
Change in unrecognized deductible temporary differences	(110,000)	1,260,000
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:

	June 30, 2023	June 30, 2022
	$	$
Share issuance costs	70,000	93,000
Equipment	2,000	1,000
Non-capital losses carried forward	2,660,000	2,748,000
Deferred tax assets not recognized	**2,732,000**	**2,842,000**

The Company has Canadian non-capital losses totalling approximately $9,506,000 (2022 - $9,797,000) available to reduce Canadian taxable income in future years. If unused, these non-capital losses will expire between 2040 and 2043. The Company also U.S. non-capital losses of approximately $23,000.

12. 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.

13. RISK MANAGEMENT

a) 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.

i. 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.

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

iii. 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, 2023, the Company's working capital is $286,118 (June 30, 2022 – $235,115) 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, 2023, the Company had cash of $154,356 (June 30, 2022 - $1,207,860).

iv. 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.

v. 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.

In Canadian Dollars, unless noted

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, stated at the Canadian dollar equivalent:

	June 30, 2023	June 30, 2022
Cash - $USD	100,000	57,000
Accounts receivable - $USD	465,000	50,000
Accounts payable and accrued liabilities - $USD	(108,000)	(138,000)

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 a $46,000 increase or decrease in the Company's net loss (June 30, 2022 – $3,000).

b) Fair Values

The carrying values of cash, accounts receivable 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).

The Company does not have any financial instruments classified as at fair value.