GameOn Entertainment Technologies Inc.
(Formerly V2 Games Inc.)

Condensed Consolidated Interim Financial Statements
Three and Nine months ended September 30, 2021 and 2020

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of GameOn Entertainment Technologies Inc. are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized, and properly recorded, and financial information is reliable.

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of financial position
(Expressed in Canadian dollars)

	Note		September 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash	3	$	3,554,917	$	135,476
Prepaids	4		150,169		60,620
Government sales tax receivable			45,384		9,231
Current portion of loan receivable	5		-		1,697,912
			3,750,470		1,903,239
Non-current assets					
Investments	6		536,698		984,874
Advances			500		500
Intangible assets	7		941,000		941,000
Goodwill	7		3,432,783		3,432,783
Due from related parties	13		404,393		103,816
TOTAL ASSETS		**$**	**9,065,844**	**$**	**7,366,212**
LIABILITIES					
Current liabilities					
Accounts payable	13	$	161,396	$	104,161
Accrued liabilities	13		8,819		56,771
Income taxes payable			21,405		21,405
Loan payable	8		-		295,077
Share consideration	7		-		104,542
Other payables	7		-		237,655
Obligation to issue convertible debentures	11		95,000		95,000
Convertible debentures	11		-		1,447,872
Due to related parties	13		542,383		866,057
			829,003		3,228,540
Non-current liabilities					
Derivative liability	10		-		97,896
Convertible note	7,10		-		8,758
CEBA loan	9		38,783		33,626
TOTAL LIABILITIES			**867,786**		**3,368,820**
SHAREHOLDERS' EQUITY					
Share capital	12		11,076,287		4,587,636
Reserves	12		3,873,595		675,872
Equity portion of convertible debentures	11,13		427,778		199,703
Deficit			(7,179,602)		(1,465,819)
TOTAL SHAREHOLDERS' EQUITY			8,198,058		3,997,392
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**9,065,844**	**$**	**7,366,212**

Nature of operations and going concern – Note 1
Subsequent events – Note 16

See accompanying notes to the condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue		$ -	$ -	$ 10,081	$ -
Cost of goods sold		19,520	-	82,688	-
		(19,520)	-	(72,607)	-
Expenses					
Amortization and depreciation	6	155,170	158,991	448,176	473,516
Foreign exchange loss (gain)		9,208	(288)	5,834	(92,954)
General and administration		78,606	159	299,619	747
Interest and accretion	8, 9,10,11,13	55,782	79,826	270,544	230,539
Investor relations		21,469	-	27,645	-
Management fees		-	-	-	(1,010)
Professional and consulting fees	12	465,452	891	2,181,177	1,782
Sales and marketing		168,700	-	576,787	18,760
Share-based compensation	12	302,427	-	1,253,261	-
Transfer agent and regulatory fees		19,542	1,638	66,899	5,784
Wages		299,008	-	872,871	37,558
Total expenses		(1,575,364)	(241,217)	(6,002,813)	(674,722)
Other Items					
Fair value loss on investments		-	(147,384)	-	(147,384)
Gain on CEBA loan	9	-	18,926	-	18,926
Gain on derivative liability	10	-	-	27,008	-
Gain on settlement of debt	8,13	-	-	296,880	19,570
Impairment of related party receivable	13	(1)	-	(13,058)	-
Impairment on investments		-	(632,110)	-	(632,110)
Interest and other income	5	23	66,445	23	253,068
		22	(694,123)	310,853	(487,930)
Net loss before income taxes		(1,594,862)	(935,340)	(5,764,567)	(1,162,652)
Income taxes recovery (expense)		50,784	-	50,784	(6,194)
Net loss and comprehensive loss for the period		**$ (1,544,078)**	**$ (935,340)**	**$ (5,713,783)**	**$ (1,168,846)**
Basic and diluted loss per share		**$ (0.02)**	**$ (0.03)**	**$ (0.11)**	**$ (0.04)**
Weighted average number of common shares outstanding for the period - basic and diluted		**62,961,913**	**28,000,000**	**52,858,318**	**28,000,000**

See accompanying notes to the condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of changes in shareholders' equity
(Expressed in Canadian dollars)

		Share Capital		Reserves						
	Note	Number of shares	Amount	Finder's Warrants	Contributed Surplus	Warrants	Total Reserves	Equity portion of convertible debentures	Deficit	Total
Balance at January 1, 2020		28,000,000	$ 100	$ 5,179	$ 670,680	$ -	$ 675,859	$ 199,703	$ (484,947)	390,715
Net and comprehensive loss for the period		-	-	-	-	-	-	-	(1,168,846)	(1,168,846)
Balance at September 30, 2020		**28,000,000**	**$ 100**	**$ 5,179**	**$ 670,680**	**$ -**	**$ 675,859**	**$ 199,703**	**$ (1,653,793)**	**$ (778,131)**
Balance at January 1, 2021		43,483,298	$ 4,587,636	$ 5,179	$ 670,693	$ -	$ 675,872	$ 199,703	$ (1,465,819)	$ 3,997,392
Shares issued for settlement of debt	8,12	3,203,551	1,001,926	-	-	-	-	-	-	1,001,926
Shares and broker warrants issued for private placement, net of share issuance costs	12	16,505,536	3,748,540	-	-	1,708,904	1,708,904	-	-	5,457,444
Shares issued for settlement of convertible debentures	11,12, 13	6,125,933	1,738,185	-	-	-	-	(199,703)	-	1,538,482
Shares surrendered by Parent Company	12	(6,125,933)	-	-	-	-	-	-	-	-
Share-based payments	12	-	-	-	1,288,681	-	1,288,681	-	-	1,288,681
Warrants issued to settle consulting fees	12	-	-	-	-	200,138	200,138	-	-	200,138
Equity portion of convertible debt	13	-	-	-	-	-	-	427,778	-	427,778
Net and comprehensive loss for the period		-	-	-	-	-	-	-	(5,713,783)	(5,713,783)
Balance at September 30, 2021		**63,192,385**	**$ 11,076,287**	**$ 5,179**	**$ 1,959,374**	**$ 1,909,042**	**$ 3,873,595**	**$ 427,778**	**$ (7,179,602)**	**$ 8,198,058**

See accompanying notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

	Note	Nine months ended September 30, 2021	2020
Operating activities			
Net loss for the period		$ (5,713,783)	$ (1,168,846)
Adjustments for non-cash items:			
Amortization and depreciation	6	448,176	473,516
Foreign exchange loss (gain)		5,834	(92,954)
Interest and accretion	9,10,11,13	150,198	230,539
Consulting costs settled via share or warrant issuance	12	903,767	-
Share-based compensation	12,13	1,253,261	-
Fair value loss (gain) on investments		-	147,384
Gain on CEBA loan	9	-	(18,926)
Gain on derivative liability	10	(27,008)	-
Gain on settlement of debt	8,13	(296,880)	(19,570)
Impairment of related party receivable	13	13,058	-
Impairment on loan receivable		-	632,110
Interest income	5	-	(251,693)
Changes in non-cash working capital items:			
Prepaid expenses		(89,549)	(79,883)
Government sales tax recoverable		(36,153)	3,094
Trade payables		57,235	(24,897)
Accrued liabilities		(47,952)	(1,010)
Income tax payable		-	(17,732)
Other payables		(237,655)	-
Net cash flows used in operating activities		(3,617,451)	(188,868)
Investing activities			
Cash issued for investments		-	(100,000)
Proceeds from investments	5	1,697,912	104,042
Loans to related parties		(15,332)	(717,582)
Net cash flows provided by (used in) investing activities		1,682,580	(713,540)
Financing activities			
Deferred financing costs		-	(180,000)
Payment to settle convertible note and derivative liability	10	(103,132)	-
Proceeds received from government loan	9	-	40,000
Proceeds received in advance of convertible debentures	11	-	50,000
Proceeds received in advance of subscription receipts issuance	12	5,457,444	1,008,984
Net cash flows from financing activities		5,354,312	918,984
Change in cash		3,419,441	16,576
Cash, beginning		135,476	57,096
Cash, ending		**$ 3,554,917**	**$ 73,672**
Supplemental non-cash activities:			
Issuance of shares to settle share consideration		$ 104,542	$ -
Issuance of shares to settle loan payable		229,176	-
Shares issued on conversion of convertible debt		1,538,482	-
Shares issues to settle debt		668,209	-
		$ 2,540,409	**$ -**

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of Operations and Going Concern

GameOn Entertainment Technologies Inc. ("GameOn Entertainment" or "GameOn" or the "Company") was incorporated under the Business Corporation Act (British Columbia) on January 13, 2010. The Company was formerly incorporated as "V2 Games Inc." and changed names to "GameOn Entertainment Technologies Inc." in January 2021. The Company is a fan engagement technology company providing broadcasters, TV networks, OTT platforms, leagues, tournaments, sportsbooks and NFTs with interactive, social experiences around sports, television and live events. The condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly owned subsidiary V2 Games USA Inc. ("V2 Games USA").

The Company's registered office and principal address is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2021, the Company had working capital of $2,921,467 (December 31, 2020 – working capital deficit $1,325,301) and an accumulated deficit of $7,179,602 (December 31, 2020 - $1,465,819). The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

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

2. Statement of Compliance and Basis of Preparation

These condensed consolidated interim financial statements were authorized for issue on November 18, 2021, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2020.

The condensed consolidated interim financial statements do not include all the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2020.

2. Statement of Compliance and Basis of Preparation (Continued)

b) Principles of Consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly-owned subsidiary V2 Games USA.

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

c) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain assets measured at fair value, and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and V2 Games USA.

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

3. Cash

As at September 30, 2021 the cash balance of $3,554,917 (December 31, 2020 - $135,476) was comprised of $3,554,917 (December 31, 2020 - $138,476) in cash and $Nil (December 31, 2020 - $3,000) drawdown on a line of credit.

4. Prepaids

Prepaids consist of the following:

		September 30, 2021		December 31, 2020
Marketing fees	$	53,000	$	53,000
Consulting		19,000		5,305
Insurance		47,812		-
Listing fees and transfer agent		30,357		2,315
Total prepaids	$	150,169	$	60,620

(Expressed in Canadian dollars)

5. Loan Receivable

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

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

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

On October 9, 2020, the Company and its parent company, Victory Square Technologies inc. ("VST"), closed an assignment and subrogation agreement with FansUnite to transfer 50% of the Just Games loan receivable held by FansUnite back to the Company in exchange for the settlement of outstanding debts of $658,212 with VST and 501,484 shares being repurchased by FansUnite from the previously issued shares to the Company.

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

During the period ended September 30, 2021, the Company received payments of $1,697,912 (December 31, 2020 - $104,042) on the loan and recorded interest income of $Nil (September 30, 2020 – $251,679) and a foreign exchange gain of $Nil (September 30, 2020 – $92,134).

6. Investments

Investments consist of the following:

		September 30, 2021		December 31, 2020
1108641 BC Ltd. (1)	$	484,259	$	884,874
Bonavita (1)		52,439		100,000
	$	536,698	$	984,874

The investments are accounted for as follows: (1) IAS 38, Intangible Assets.

a) 1108641 BC Ltd.

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

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

(Expressed in Canadian dollars)

6. Investments (Continued)

a) 1108641 BC Ltd. (continued)

During the year ended December 31, 2020, the Company recognized an impairment of $158,737 on this investment.

During the period ended September 30, 2021, the Company recorded amortization of $400,615 (September 30, 2020 - $473,516) for a balance as at September 30, 2021 of $484,259 (September 30, 2020 - $1,202,601).

b) Bonavita Investment Group Ltd.

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

During the period ended September 30, 2021, the Company recorded amortization of $47,561 (September 30, 2020 - $Nil), and spent cash on new investment of $Nil (December 31, 2020 - $100,000) for a balance as at September 30, 2021 of $52,439 (September 30, 2020 - $100,000).

7. Acquisition

On December 1, 2020, the Company entered into an agreement to acquire the assets of GameOn App Inc. for 15,199,985 common shares with a fair value of $3,799,996, representing 35.2% of the outstanding common shares of the Company. In addition, the Company agreed to assume USD $274,400 in liabilities of GameOn App Inc. and agreed to issue to Matthew Bailey, the CEO of GameOn App Inc., a convertible note in the amount of USD $92,000 (Note 10) maturing on December 1, 2022. The convertible note is convertible into common shares at the option of the holder at a conversion price of $0.25 per common share. Certain contingent share consideration was also included in the purchase price under IFRS 3. These contingent shares were to be issued on the event of the Company going public but was settled prior (Note 10). The transaction closed on December 31, 2020. During the nine months ended September 30, 2021, the Company issued 600,000 shares related to the contingent consideration with a fair value of $104,542 being assigned to the shares issued.

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

		Acquisition of GameOn
Fair value of consideration		
Common shares	$	3,799,996
Convertible note		119,159
Bonus share consideration		104,542
		4,023,697
Assets and liabilities acquired		
Intellectual property		941,000
Assumed liabilities		(350,086)
Goodwill	$	3,432,783
Net assets acquired	$	590,914
Goodwill		3,432,783
	$	4,023,697

7. Acquisition (Continued)

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

On December 1, 2020, in concurrence with the closing of the asset purchase agreement, the Company signed an employment agreement with the CEO of GameOn App Inc. to become the CEO of the Company. In addition to the regular annual salary, the CEO has also been granted 2,000,000 common shares to be issued in tranches upon the achievement of certain performance milestones. As at September 30, 2021, 191,000 shares were issued in relation to the milestone shares with a fair value of $47,750.

On June 1, 2021, the Company completed its listing on the Canadian Securities Exchange (the "CSE") and following the terms of the employment agreement, the CEO received a USD$100,000 cash bonus and $150,000 in CEO bonus warrants (Note 12).

For the period December 1, 2020 to December 31, 2020, the Company made $112,431 in payments against the assumed debt noted above, leaving a balance in other payables of $237,655 as at December 31, 2020.

For the period ended September 30, 2021, the Company repaid the remaining assumed debt amounts and the balance in other payables was $Nil as at September 30, 2021.

8. Loan Payable

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

- 100% of the proceeds from the Company's refund from Canada Revenue Agency for its Scientific Research and Experimental Development ("SRED") tax credit for the year-end tax returns for 2017, 2018 and 2019;
- 50% of the proceeds from the Company's refund from Canada Revenue Agency for its December 31, 2016 British Columbia Interactive Digital Media Tax Credit ("BC IDMTC");
- 50% of the proceeds from payments to be received by the Company under a June 14, 2016 mobile game publishing agreement; and
- 50% of the proceeds from Canada Media Fund payments to be received by the Company under a February 11, 2015 agreement.

The loan is secured by a general security agreement over all present and after-acquired assets, property and undertaking of the Company as well as an assignment of the payments to be received for SRED, BC IDMTC and the mobile game publishing agreement.

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

On January 15, 2021, the Company settled the loan payable through the issuance of 916,702 shares with a value of $229,175 (Note 12). For the period ended September 30, 2021, a gain on settlement of debt of $65,902 (September 30, 2020 - $Nil) was recognized.

During the period ended September 30, 2021 the interest on the loan was $Nil (September 30, 2020 - $24,846). The balance of the loan as at September 30, 2021 was $Nil (December 31, 2020 - $295,077).

(Expressed in Canadian dollars)

9. CEBA Loan

The Canadian Emergency Business Account (CEBA) loan originally launched on April 9, 2020 and is intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using the Company's incremental borrowing rate of 20%. The difference between this discounted value of $21,074 and the proceeds received of $40,000 was recognized as a gain on CEBA loans of $18,926.

On December 4, 2020, the CEBA program was expanded and the Company received an additional $20,000 in funds on December 31, 2020. This amount was discounted to a present value of $11,193 and an additional $8,807 gain was recognized.

As at December 31, 2020, the combined carrying value of the loans is $33,626 and the combined gain on CEBA loans was $27,733. The full value of the grant has been spent in the course of business operations and the gain has been recognized in other income.

For the period ended September 30, 2021, the Company recognized accretion on the CEBA loan of $5,157 (September 30, 2020 - $Nil) for an ending balance of $38,783 (December 31, 2020 - $33,626).

10. Convertible Note and Derivative Liability

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

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

On May 19, 2021, the convertible note was settled via a delivery of USD $92,000 or CAD $103,132. For the period then ended, the Company recognized a gain on derivative liability of $27,008 (September 30, 2020 - $Nil) and accretion on the convertible note of $23,540 (September 30, 2020 - $Nil). The balance in both the convertible note and derivative liability as at September 30, 2021 was $Nil (December 31, 2020 – $8,758 and $97,896).

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

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
As at December 1, 2020	272%	0.25%	0%	2
As at December 31, 2020	201%	0.20%	0%	1.9
As at March 31, 2021	211%	0.20%	0%	1.67
As at May 19, 2021	216%	0.23%	0%	1.53

11. Convertible Debentures

On May 10, 2019, the Company issued convertible debentures for gross proceeds of $1,319,000. The debentures bear interest at 8% and are convertible into common shares of the Company at a price of $0.25 per share. If not converted into shares, the debentures are repayable by May 10, 2021. Issue costs of $88,618, including finders' warrants with a fair value of $5,179 (Note 12), were incurred in connection with the debentures.

The debentures were initially recorded at a fair value of $1,104,914 less issue costs of $74,235 for a net value of $1,030,679. The equity component of the debentures was recorded at a value of $214,086 less issue costs of $14,383 for a net value of $199,703. The equity component of $199,703 was reclassified to share capital for the period ended September 30, 2021 on the conversion of the loan to shares.

For the period up to May 14, 2021, the Company recorded accretion and interest of $90,610 (September 30, 2020 - $125,479) on the debentures. On May 14, 2021, the balance of convertible debentures of $1,538,482 (December 31, 2020 - $1,447,872) was settled via the issuance of 6,125,933 common shares (Note 12).

During the year ended December 31, 2020, the Company also received a further $50,000 and refunded $185,000 in advance of the issuance of additional convertible debentures. The net deposit on convertible debentures as at December 31, 2020 is $95,000. No change to these deposits occurred for the period ended September 30, 2021.

12. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

As at September 30, 2021 there were 63,192,385 common shares outstanding (December 31, 2020 – 43,483,298).

Shares Issued during the period ended September 30, 2021

On January 15, 2021, the Company issued 916,702 shares to settle the remaining balance in the loan payable liability (Note 8) for a value of $229,175. The shares were issued at a price of $0.25 per share to RDL Realisation PLC.

On May 14, 2021 the Company issued 6,125,933 common shares at a price of $0.25 to settle the convertible debentures (Note 11) for a value of $1,538,482. VST surrendered 6,125,933 common shares for $Nil consideration on this date and therefore the net impact to share capital on this date was no change in the number of common shares outstanding but an increase in the value of share capital of $1,538,482. On the conversion of the debentures, $199,703 was reclassified from equity portion of convertible debenture to share capital.

On March 11, 2021, the Company issued 16,505,536 subscription receipts at a price of $0.35 per unit for gross proceeds of $5,776,938. On May 26, 2021, the subscription receipts were automatically converted into 16,505,536 common shares at a price of $0.25 and 8,252,768 warrants. Share issuance costs $319,494 were deducted from subscription proceeds.

On June 7, 2021, the Company issued 791,000 common shares to settle debt that was incurred for consulting services in the period ended September 30, 2021. The fair value allocated to the shares was $152,292 of which $47,750 was recorded as non-cash consulting expense on the Statement of Loss and Comprehensive Loss in the period and the remaining amount was recorded as a settlement of the share-based consideration of $104,542.

(Expressed in Canadian dollars)

12. Share Capital (Continued)

On June 8, 2021, the Company issued 840,386 common shares to settle debt that was incurred for consulting services in the period ended September 30, 2021. The fair value assigned to the shares was $382,376 and was recorded as non-cash consulting expense in the Statement of Loss and Comprehensive Loss in the period.

On June 28, 2021, the Company issued 400,000 common shares to settle debt that was incurred for consulting services in the period ended September 30, 2021. The fair value assigned to the shares was $164,000 and was recorded as non-cash consulting expense in the Statement of Loss and Comprehensive Loss in the period.

On September 21, 2021, the Company issued 255,463 common shares to settle debt that was incurred for consulting services in the period ended September 30, 2021. The fair value assigned to the shares was $74,083 and was recorded as non-cash consulting expense in the Statement of Loss and Comprehensive Loss in the period.

Reserves

Stock Options

On February 10, 2021, the Company granted 2,164,000 stock options to employees, consultants, and directors exercisable at $0.25 and expiring on February 10, 2023.

On March 15, 2021, the Company granted 1,777,680 stock options to employees, consultants, directors exercisable at $0.25 and expiring on March 15, 2023. On March 15, 2021, the Company also granted 369,645 stock options to employees and consultants exercisable at $0.35 and expiring on March 15, 2023.

On June 28, 2021, the Company granted 592,356 stock options to employees, consultants, and directors exercisable at $0.41 and expiring on June 28, 2023.

On July 19, 2021, the Company granted 100,425 stock options to employees, consultants, and directors exercisable at $0.31 and expiring on July 19, 2023.

On August 5, 2021, the Company granted 120,637 stock options to employees, consultants, and directors exercisable at $0.29 and expiring on August 5, 2023.

On September 7, 2021, the Company granted 304,575 stock options to employees, consultants, and directors exercisable at $0.34 and expiring on September 7, 2023.

Each stock option issuance has vesting terms that vary with each individual optionee, with a portion of the options granted vesting immediately at grant date and the balance vesting in equal tranches every quarter.

As of September 30, 2021, 3,642,716 of the 6,821,318 granted stock options have vested. Total share-based compensation recorded for the period ended September 30, 2021 in relation to the vested stock options was $1,253,261 (September 30, 2020 - $Nil) and a further $35,419 was recorded as consulting fees with a corresponding increase in reserves.

The following weighted average assumptions were used in calculating the fair value of stock options granted during the year using the Black-Scholes Option Pricing Model:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Issued February 10, 2021	198%	0.18%	0%	2
Issued March 15, 2021	198%	0.32%	0%	2
Issued June 28, 2021	195%	0.45%	0%	2
Issued July 19, 2021	221%	0.43%	0%	2
Issued August 5, 2021	220%	0.44%	0%	2
Issued September 7, 2021	103%	0.40%	0%	2

(Expressed in Canadian dollars)

12. Share Capital (Continued)

The options outstanding at September 30, 2021 are as follows:

Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
$0.25	2,164,000	February 10, 2023
$0.25	1,777,680	March 15, 2023
$0.35	369,645	March 15, 2023
$0.41	592,356	June 28, 2023
$0.31	100,425	July 19, 2023
$0.29	120,637	August 5, 2023
$0.34	304,575	September 7, 2023

Stock options continuity for the period was as follows:

	Number of units
Balance, January 1, 2021	1,392,000
Granted	5,429,318
Balance, September 30, 2021	6,821,318

Warrants

On December 1, 2020, the Company entered into a CEO employment agreement (Note 7) which included a contractual right to be issued warrants equal to $150,000 divided by the Going Public Share Price with each such warrant exercisable to acquire one Common Share for a period of 1 year from the Grant Date, at a price per share of $0.04 and vesting as follows: 10% on the Grant Date; 25% on the date that is 4 months following the Grant Date; 25% on the date that is 8 months following the Grant Date; and 40% on the date that is 12 months following the Grant Date. As the Going Public Share Price was $0.25, the CEO received 600,000 bonus warrants.

On May 26, 2021, the Company issued 8,252,768 subscription warrants and 391,903 broker warrants in relation to the automatic conversion of subscription receipts on this date. These warrants are exercisable for 1 common share of the Company at an exercise price of $0.52 for 2 years. Under the residual value method, these subscription warrants were valued at $1,650,554. The fair value of the broker warrants was calculated to be $81,690, which accounted for as share issuance costs and allocated between share capital and reserves as $58,350 and $23,340 respectively. The total increase to equity as a result of the May 26, 2021 private placement was $5,457,444.

On May 30, 2021, the Company issued 960,000 warrants to various consultants of the Company which are exercisable for 1 common share of the Company at an exercise price of $0.25 for 2 years. The value of these consultant warrants was $200,138 recorded as consulting expense on the statement of loss and comprehensive loss.

The following weighted average assumptions were used in calculating the fair value of broker warrants and consultant warrants granted during the year using the Black-Scholes Option Pricing Model:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Broker Warrants May 26, 2021	196%	0.31%	0%	2
CEO Bonus Warrants June 1, 2021	197%	0.32%	0%	2
Consultant Warrants May 30, 2021	196%	0.32%	0%	2

(Expressed in Canadian dollars)

12. Share Capital (Continued)

The warrants outstanding at September 30, 2021 are as follows:

Warrant	Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
Consultant Warrants	$0.25	960,000	May 30, 2023
Broker Warrants	$0.52	391,903	May 26, 2023
CEO Bonus Warrants	$0.04	600,000	June 1, 2023
Subscription Receipts Warrants	$0.52	8,252,768	May 26, 2023

Warrant continuity for the period was as follows:

	Consultant Warrants	Broker Warrants	Subscription Receipts Warrants	CEO Bonus Warrants	Total
Balance, January 1, 2021	-	-	-		-
Granted	960,000	391,903	8,252,768	600,000	10,204,671
Balance, September 30, 2021	960,000	391,903	8,252,768	600,000	10,204,671

13. Related Party Transactions

During the period ended September 30, 2021 and 2020, the Company entered into the following transactions with related parties:

	September 30, 2021	September 30, 2020
Professional and consulting fees	$ 165,937	$ -
Share based compensation to related parties	$ 771,813	$ -

Related Party Balances

As at September 30, 2021, the Company has $37,659 (December 31, 2020 - $3,668) due to related parties included in accounts payables. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related Party Receivables

	September 30, 2021	December 31, 2020
Due from Victory Square Technologies Inc.	$ 308,554	$ -
Due from Draft Label Technologies Inc.	95,839	103,816
	$ 404,393	$ 103,816

The related party balances are unsecured, due on demand, and non-interest bearing.

During the period ended September 30, 2021, the Company impaired $13,058 (September 30, 2020 - $Nil) of related party receivables due to management's assessment that the amounts would not be collected.

During the period ended September 30, 2021, the Company and its parent company entered into an agreement to convert previously received funds into a $1,400,000 convertible promissory note. The note is non-interest bearing and convertible to shares of the Company at a price of $0.25 for 2 years. The face value of the note was discounted using the Company's cost of borrowing of 20% over 2 years, which resulted in $427,778 being allocated to equity, for the conversion feature. The Company recorded accretion on the convertible promissory note of $151,187 during the nine months ended September 30, 2021 (September 30, 2020 - $Nil).

(Expressed in Canadian dollars)

13. Related Party Transactions (Continued)

This convertible promissory note was offset by other amounts receivable from the parent company, such that as at September 30, 2021, the Company has a net receivable of $308,554 (December 31, 2020 – net payable of $105,830).

Related Party Loans

		September 30, 2021		December 31, 2020
Due to Victory Square Technologies Inc.	$	-	$	105,830
Due to Limitless Technologies Inc.		-		202,844
Due to Fantasy 360 Technologies Inc.		542,383		542,383
Due to CEO of Victory Square Technologies Inc.		-		15,000
	$	542,383	$	866,057

Unless otherwise noted, loans due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the period ended September 30, 2021, the Company recognized a $296,880 (September 30, 2020 – $19,570) gain on forgiveness of related party debt related to the above amounts.

14. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables, due from related parties, government sales tax receivable, advance, and loan receivable. Based on the evaluation of receivables at September 30, 2021, the Company believes that its receivables are collectable.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

14. Financial Risk Management (Continued)

Historically, the Company's main source of funding has been the issuance of loans, convertible debentures, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to moderate foreign exchange risk.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models.

When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

Cash is measured using Level 1 inputs. Investments in private companies are measured using level 3 inputs.

The Company's financial instruments consist of cash, amounts due from related parties, advance, loan receivable, certain investments, related party loans, convertible debentures, accounts payable, CEBA loan and loan payable. The carrying value of financial instruments approximates the fair value as at September 30, 2021 and December 31, 2020.

15. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating period. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

16. Subsequent Events

a) On November 2, 2021, the Company signed a binding letter of intent to acquire real-time fantasy technology, FanClash, from London-based Inplay Labs. In consideration for the acquisition, the Company will pay a purchase price of $500,000, with $200,000 payable in cash and $300,000 payable in shares issuable at closing. The shares will be subject to contractual escrow for a period of up to 24 months from closing, with 25% released from escrow on each of the 6, 12, 18, and 24 month anniversaries of the date of closing. In addition, the Company will grant InPlay an earn-out pursuant to which the Company shall issue up to an additional $500,000 in shares subject to the achievement of certain milestones and escrow pursuant applicable laws.

b) On October 13, 2021, the Company granted 378,100 stock options to various consultants which are exercisable at $0.27 for 2 years.

c) On November 5, 2021 the Company granted 591,581 stock options to various consultants and employees which are exercisable at $0.27 for 2 years.