GameOn Entertainment Technologies Inc.

Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim unaudited financial statements of GameOn Entertainment Technologies Inc. are the responsibility of the Company's management. The condensed consolidated interim unaudited 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
(Unaudited - Expressed in Canadian dollars)

	Notes		As at March 31, 2024		As at December 31, 2023
ASSETS					
Current assets					
Cash	11	$	1,207	$	353,666
Prepaids			7,727		12,004
Accounts receivable	10		118,235		47,614
Contract asset	10		741,232		8,945
Government sales tax receivable			5,447		21,806
			873,848		444,035
Non-current assets					
Intangible assets	3		1,390,708		1,433,964
Goodwill	3		3,432,783		3,432,783
TOTAL ASSETS		**$**	**5,697,339**	**$**	**5,310,782**
LIABILITIES					
Current liabilities					
Accounts payable	4	$	983,987	$	811,713
Accrued liabilities	4		569,931		549,119
Lines of credit	5		48,817		62,843
Deferred revenue	10		351,813		952,893
Loans payable	6		766,735		747,382
Related party loans	5		135,039		135,039
Other payable	7		95,000		95,000
			2,951,322		3,353,989
Non-current liabilities					
Convertible debentures	7		1,020,976		971,618
CEBA loan	8		60,574		60,000
TOTAL LIABILITIES			**4,032,872**		**4,385,607**
SHAREHOLDERS' EQUITY					
Share capital	9		11,978,168		11,925,835
Reserves	9		6,376,009		6,368,627
Equity portion of convertible debentures	7		568,769		568,769
Deficit			(17,258,479)		(17,938,056)
TOTAL SHAREHOLDERS' EQUITY			1,664,467		925,175
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**5,697,339**	**$**	**5,310,782**

Nature of operations and going concern – Note 1
Subsequent events – Note 13

“Matt Bailey”
Director

“Carey Dillen”
Director

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

GameOn Entertainment Technologies Inc.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - Expressed in Canadian dollars)

	Notes		Three months ended March 31, 2024		2023
Revenue	10	$	1,847,241	$	472,188
Expenses					
Amortization of intangible assets	3		43,256		36,025
Contract costs	10		-		43,500
Foreign exchange gain			(18,535)		(7,864)
General and administration			94,320		103,067
Interest and accretion	5,6,7,8		114,671		71,056
Investor relations			15,000		15,000
Professional and consulting fees	4		335,299		291,002
Sales and marketing			322,892		17,459
Share-based compensation	4,9		48,015		82,082
Transfer agent and regulatory fees			10,294		10,062
Wages	4		202,452		200,468
Total expenses			(1,167,664)		(861,857)
Net income (loss) and comprehensive income (loss) for the period		**$**	**679,577**	**$**	**(389,669)**
Net income (loss) per share - basic and diluted		**$**	**0.01**	**$**	**(0.01)**
Weighted average number of common shares outstanding for the period - basic and diluted			**70,846,184**		**67,369,047**

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

GameOn Entertainment Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars)

		Share Capital		Reserves					
	Notes	Number of Shares	Amount	Contributed Surplus	Warrants	Total Reserve	Equity Portion of Convertible Debentures	Deficit	Total
Balance at January 1, 2023		67,296,131	$ 11,521,570	$ 3,985,389	$ 2,132,891	$ 6,118,280	$ 427,778	$ (14,778,388)	$ 3,289,240
Warrants issued for short-term loans	6,9	-	-	-	32,911	32,911	-	-	32,911
Share-based payments	9	-	-	82,082	-	82,082	-	-	82,082
Shares issued on vested RSUs		85,227	6,818	(6,818)	-	(6,818)	-	-	-
Net and comprehensive loss for the period		-	-	-	-	-	-	(389,669)	(389,669)
Balance at March 31, 2023		**67,381,358**	**$ 11,528,388**	**$ 4,060,653**	**$ 2,165,802**	**$ 6,226,455**	**$ 427,778**	**$ (15,168,057)**	**$ 3,014,564**
Balance at January 1, 2024		70,636,797	$ 11,925,835	$ 4,202,826	$ 2,165,801	$ 6,368,627	$ 568,769	$ (17,938,056)	$ 925,175
Share-based compensation	9	-	-	48,015	-	48,015	-	-	48,015
Shares issued on exercise of stock options	7,9	117,000	17,207	-	-	(5,507)	-	-	11,700
Shares issued on vested RSUs	9	224,153	35,126	-	-	(35,126)	-	-	-
Net and comprehensive income for the period		-	-	-	-	-	-	679,577	679,577
Balance at March 31, 2024		**70,977,950**	**11,978,168**	**4,250,841**	**2,165,801**	**6,376,009**	**568,769**	**(17,258,479)**	**1,664,467**

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

GameOn Entertainment Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2024	2023
Operating activities			
Net income (loss) for the period		$ 679,577	$ (389,669)
Adjustments for non-cash items:			
Amortization of intangible assets		43,257	36,025
Foreign exchange gain		(18,535)	(7,864)
Interest and accretion		114,671	71,056
Share-based compensation		48,015	82,082
Changes in non-cash working capital items:			
Accounts receivable		(70,621)	(2,354)
Prepaids		4,277	4,916
Contract asset		(732,287)	43,500
Government sales tax receivable		16,359	23,870
Accounts payable		187,094	47,094
Accrued liabilities		451	53,846
Deferred revenue		(601,080)	(63,895)
Net cash flows used in operating activities		(328,822)	(101,393)
Financing activities			
Proceeds received from short-term loans payable		53,936	325,000
Repayment of short-term loans payable		(34,583)	(25,000)
Repayment of lines of credit		(21,392)	-
Proceeds from exercise of options		11,700	-
Repayment of Promissory Note interest		(33,298)	-
Interest and principal on lines of credit		-	(23,462)
Advance from related party		-	36,000
Interest payments on loan payable		-	(25,542)
Net cash flows (used in) provided by financing activities		(23,637)	286,996
Increase (decrease) in cash		(352,459)	185,603
Cash, beginning		353,666	21,424
Cash, ending		**$ 1,207**	**$ 207,027**
Supplemental non-cash activities:	**Notes**		
Issuance of shares for vested RSUs	9	35,126	6,818
Fair value in excess of options exercised	9	5,507	-
		$ 40,633	**$ 6,818**
Supplemental cash flow disclosure:			
Cash paid for interest on line of credit		$ 692	$ -
Cash paid on interest and penalties on payroll taxes		3,067	-
		$ 3,759	**$ -**

The accompanying notes are an integral part of these 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." on January 13, 2021. The Company is a next-generation fantasy sports technology company. On November 13, 2023, the Company incorporated GameOn Entertainment Technologies Pty Ltd. in Australia ("GameOn Pty"). The condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly owned subsidiaries V2 Games USA Inc. ("V2 Games USA") and GameOn Entertainment Technologies Pty Ltd.

The Company's registered office and principal address is at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

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 for the foreseeable future. As at March 31, 2024, the Company had a working capital deficiency of $2,077,474 (December 31, 2023 – $2,909,954), an accumulated deficit of $17,258,479 (December 31, 2023 – $17,938,056). The continued operations of the Company are dependent upon its ability to generate future cash flows from revenues in the next fiscal year and/or obtain additional financing. Management is of the opinion that sufficient revenue and working capital will be obtained from future sales to meet the Company's liabilities and commitments as they become due. 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.

2. Material Accounting Policy Information

These condensed consolidated interim unaudited financial statements were authorized for issue on July 19, 2024, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim unaudited 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 unaudited financial statements as at and for the year ended December 31, 2023.

The condensed consolidated interim unaudited financial statements do not include all of 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, 2023.

b) Principles of Consolidation

The condensed consolidated interim unaudited financial statements comprise the financial statements of the Company and its wholly owned subsidiaries V2 Games USA Inc. and GameOn Entertainment Technologies Pty Ltd.

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

2. Material Accounting Policy Information (Continued)

Business combinations

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of the fair value of the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities, and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred in the acquisition of an asset, or a group of assets generally are a component of the consideration transferred and are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3 for a description of the Company's annual impairment testing procedures.

c) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain liabilities measured at fair value and are presented in Canadian dollars. Under IFRS, the US dollar is the functional currency of the Company and V2 Games USA, as this is the currency of the primary economic environment on which the Company operates. The functional currency of GameOn Entertainment Technologies Pty Ltd. is the Australian dollar.

(Unaudited - Expressed in Canadian dollars)

3. Intangible Assets and Goodwill

Intangible Assets

Intangible assets consist of the core GameOn application and FanClash acquisitions. A nominal amount of $1 has been recognized for the Company's custody of a digital asset token ("$GAME") (Note 10). All finite-lived intangible assets are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. Indefinite life assets are not amortized but are tested for impairment annually. Both the GameOn app and the FanClash property acquired from InPlay are amortized on a straight-line basis over 10 years.

	GameOn App	FanClash	$GAME	Total
Cost:				
Balance, January 1, 2024	$ 941,000	$ 789,256	$ -	$ 1,730,256
Addition	-	-	1	1
Balance, March 31, 2024	941,000	789,256	1	1,730,257
Accumulated Amortization:				
Balance, January 1, 2024	$ 188,200	$ 108,092	$ -	$ 296,292
Amortization	23,525	19,731	-	43,256
Balance, March 31, 2024	$ 211,725	$ 127,823	$ -	$ 339,548
Net Book Value, December 31, 2023	$ 752,800	$ 681,164	$ -	$ 1,433,964
Net Book Value, March 31, 2024	$ 729,275	$ 661,433	$ 1	$ 1,390,708

Goodwill

Goodwill calculated on the GameOn App Inc. acquisition 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. For the purpose of annual impairment testing, goodwill is allocated to the operating segments, or cash-generating units ("CGU"), expected to benefit from the synergies of the business combinations in which the goodwill arises. The Company has identified one CGU, being the GameOn application. The Company tests the CGU annually for impairment, or more frequently if there is an indication that a CGU to which goodwill has been allocated may be impaired. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal ("FVLCD") and its value-in-use. FVLCD is determined based on an implied enterprise value calculation using a market capitalization approach. Value-in-use is calculated using a discounted cash flow analysis based on detailed forecasts provided by management to estimate enterprise value.

The Company performed an impairment calculation of goodwill based on a calculated recoverable amount using a discounted cash flow methodology. Key assumptions used in the impairment calculation were long term revenue growth rates and the discount rate of 2.0% and 20.0%, respectively. A 2% change in the discount rate does not result in impairment.

(Unaudited - Expressed in Canadian dollars)

4. Related Party Transactions

The Company has several agreements with various related parties for services. The transactions were entered into based on terms equivalent to those in an equivalent arm's length transaction for consulting and executive services provided. The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company and consist of the Company's executive leadership team.

During the period ended March 31, 2024, and 2023, the Company entered into the following transactions with related parties:

		March 31, 2024		March 31, 2023
Professional and consulting fees	$	335,299	$	39,913
Executive and director compensation	$	-	$	70,691
Share-based compensation on stock options	$	48,015	$	35,602

Related Party Balances

As at March 31, 2024, the Company has $179,811 (December 31, 2023 - $112,726) due to related parties included in accounts payable and $135,039 (December 31, 2023 - $135,039) owing to VST. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

5. Lines of Credit

The Company has two lines of credit, one of which was entered into by V2G USA Inc.

The Company's first line of credit is a revolving unsecured loan with a Canadian chartered bank, is due on demand and bears interest at the bank's prime rate plus 2.04% (December 31, 2023 – 2.04%). The line of credit has a borrowing limit of $15,000. As at March 31, 2024, the Company had drawn down $14,452 (December 31, 2023 - $15,000).

The Company's second line of credit was a revolving, USD$75,000, secured loan with a US bank, repayable in monthly installments and bore interest at 2.73% per month. The loan was scheduled to be repaid one year from the initial advance date of December 19, 2022. On February 20, 2024, the Company reached a settlement agreement with the lender whereby the lender agreed to accept a final amount of USD $30,000, paid in two equal instalments of USD$15,000, in exchange for settling the accumulated principal and interest balance of USD $41,288. The instalment payments were made in each of March and April of 2024. The gain on the settlement of the debt of $11,288 was recognized in other income subsequent to the period ended March 31, 2024. As at March 31, 2024, the Company's principal balance is $20,700 (US$15,000) (December 31, 2023 – $47,843 (US$36,173)) with accrued interest of $Nil in accrued liabilities (December 31, 2023 - $11,007).

Included in interest and accretion expense is interest on lines of credit and other interest in the amount of $7,366 (March 31, 2023 - $9,273).

6. Loans Payable

On July 8, 2022, the Company closed the issuance of a promissory note (the "Promissory Note") in exchange for $716,804 (USD $550,000). The noteholder is a venture capital firm. The Promissory Note bears interest at the simple non-compounding rate of 14% per annum payable monthly and matured on January 8, 2024. Until repayment of principal, the Company may not make any distributions or management fees to any equity holders or management. The debt is secured against the monthly recurring revenue of the Company and ranks senior to all existing or future debt obligations of the Company.

On February 22, 2024, the Note was amended to extend the maturity date with the principal due in two instalments of USD $275,000 on February 29, 2024, and July 8, 2024. The interest rate was increased from 14% per annum to 20% per annum. If the Company fails to make either instalment payment of principal in full within one month following the due date of the installment, the Company is required to pay a late payment penalty in an amount equal to USD $15,000 for each period of one month following the due date during which such instalment remains unpaid. As at March 31, 2024, the Company had not paid any of the first instalment. Accordingly, for the period ended March 31, 2024, $20,360 (USD $15,000) has been accrued to interest expense and included in accrued liabilities.

In connection with the Promissory Note, the Company issued 5,683,533 warrants to the principal of the noteholder. The exercise price of the warrants is $0.06 and expires on the second anniversary of the issue date. The fair value of the lender warrants less allocated direct costs was $218,669 and is deducted from proceeds of the Promissory Note.

Interest expense is being recognized over the loan period, with a total of $33,298 (March 31, 2023 – interest and accretion expense of $59,188), included as interest and accretion expense. Interest expenses recognized during the period was paid in cash. The resulting carrying value of the Promissory Note is $726,287 as at March 31, 2024 (December 31, 2023 - $726,287).

In connection with the Promissory Note, the Company executed a consulting agreement wherein the Company agreed to issue 1,250,377 restricted share units ("RSUs") vesting in two equal installments on the first-and second-month anniversary of the agreement.

On February 26, 2023, the Company arranged for a $25,000 short-term non-interest-bearing bridge loan from a Company controlled by a director. The loan was paid back by March 10, 2023, in accordance with the terms, from proceeds of grant revenue. In connection with the short-term loan, the Company issued 625,000 warrants exercisable at $0.06 with an expiry date of April 26, 2025. Accretion expense of $222 was recognized in the year with a corresponding increase in warrant reserve.

On March 28, 2023, the Company arranged for a $300,000 short-term non-interest-bearing bridge loan from a Company controlled by a consultant to the Company. On July 20, 2023, the loan was repaid in full with proceeds from grant revenue. In connection with the short-term loan, the Company issued 6,635,080 warrants exercisable at $0.06 with an expiry date of April 26, 2025. The fair value of the debt component of the loan was determined at inception using the Company's incremental borrowing rate of 20%. A total of $32,688, representing the difference between the discounted value of $267,312 and the proceeds received of $300,000, was allocated to the equity component and recognized in interest and accretion expense.

On May 10, 2023, the Company executed a short-term financing agreement for general business and working capital usage, whereby the Company received a $52,100 (US$38,300) secured loan against future revenues. The purchase price of the loan was US$56,301, payable in weekly installments of US$2,406. In the period ended March 31, 2024, the debt was settled in full as per terms of a settlement agreement reached January 8, 2024.

On January 24, 2024, the Company received a USD $40,000 short-term non-interest-bearing loan from an arm's length party with no terms of repayment. In the period ended March 31, 2024, the Company repaid USD $10,000.

7. Convertible Debentures

On June 28, 2023, the Company issued a series of convertible notes. The debt instruments had a face value of $1,294,350 and simple interest at the annual rate of 10% per annum. Unless earlier converted into common shares the principal and accrued interest of the debt will be due and payable by GameOn to the holders of the debt on the date that is twenty-four (24) months from the date of the issuance (the "Maturity Date"); prior to the Maturity Date with the acceptance of the Holders (provided GameOn pays the Holder all of the interest that would have been due had the Holders held the debt until the Maturity Date), or upon demand by the Holders. The debt plus any accrued but unpaid interest thereon will be convertible into shares of GameOn at a price of $0.10 per share. The securities issued will be subject to a 4-month and one day hold period from the date of issue of the convertible notes or the shares.

The fair value of the debt component of the convertible debentures was determined at inception using the Company's incremental borrowing rate of 20%. A total of $233,776, representing the difference between the discounted value of $1,049,673 and the net proceeds after transaction fees received of $1,283,449, was allocated to the equity component.

During the year ended December 31, 2023, the Company issued 2,302,972 common shares with a fair value of $372,889 for the conversion of $225,000 of convertible debentures plus $5,297 of accrued interest. The Company transferred $189,101 from contributed surplus to share capital upon conversion of the convertible debentures to common shares.

Included in interest and accretion expense for the period ended March 31, 2024, is $49,358 (March 31, 2023 - $Nil) relating to the convertible notes of which $22,624 (March 31, 2023 - $Nil) is accretion and $26,734 (March 31, 2023 - $Nil) is accrued interest. The resulting carrying value of the convertible debentures as at March 31, 2024 is $1,020,976 (December 31, 2023 - $971,618).

During the year ended December 31, 2020, the Company received a $95,000 deposit in connection with the convertible debenture financing for which a convertible debenture was not formally issued. The deposit is reflected as other payable on the consolidated statements of financial position. The balance is unsecured and due on demand.

8. CEBA Loan

The Canadian Emergency Business Account (CEBA) loan originally launched on April 9, 2020, and was 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 $40,000 loan was recognized at fair value using the Company's incremental borrowing rate of 20%. On December 4, 2020, the CEBA program was expanded, and the Company received an additional $20,000 in funds on December 31, 2020. The full value of the grant has been spent in the course of business operations.

As of January 19, 2024, the outstanding balance converted to an amortized term loan, accruing interest at 5% per annum and maturing on December 31, 2026.

For the period ended March 31, 2024, the Company recognized interest expense on the CEBA loan of $574 (March 31, 2024 – accretion expense of $2,372) for an ending balance of $60,574 (December 31, 2023 - $60,000).

(Unaudited - Expressed in Canadian dollars)

9. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

As at March 31, 2024, there were 70,977,950 common shares outstanding (December 31, 2023 – 70,636,797).

Shares issued during the period ended March 31, 2024

In the period ended March 31, 2024, the Company issued 224,153 common shares from exercised RSUs to various employees and consultants. The fair value of the equity awarded was $35,126 based on the fair value of the Company's common shares on the date of issuance.

On February 6, 2024, the Company issued 117,000 common shares to a recently departed employee on the exercise of vested stock options.

Reserves

Contributed surplus

The contributed surplus reserve records items recognized as share-based payments expense.

Warrants

The warrant reserve records the fair value of warrants issued as part of financing transactions and for services.

Stock Options

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, in some issuances, and the balance vesting in equal tranches quarterly or another periodic interval.

Stock options granted during the period ended March 31, 2024

In the period ended March 31, 2024, 172,370 stock options were cancelled and/or expired, while no options were granted during the period.

The following assumptions were used in calculating the fair value of stock options issuable and exercisable at March 31, 2024, using the Black-Scholes Option Pricing Model:

Grant Date	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
April 7, 2022	175.40%	2.34%	0%	2
June 29, 2022	166.02%	3.12%	0%	2
October 18, 2022	84.31%	3.98%	0%	2
November 8, 2022	84.24%	4.10%	0%	2
December 13, 2022	82.62%	3.68%	0%	2
July 14, 2023	151.80%	4.48%	0%	2
November 16, 2023	153.25%	4.35%	0%	2
December 7, 2023	155.73%	3.94%	0%	2

(Unaudited - Expressed in Canadian dollars)

9. Share Capital (Continued)

Stock Options (Continued)

The stock options outstanding and exercisable at March 31, 2024 are as follows:

Exercise Price	Number of Shares Issuable	Exercisable	Weighted Average Remaining Contractual Life (Years)	Expiry Date
$0.16	1,154,364	1,154,364	0.02	April 7, 2024
$0.10	2,177,474	2,177,474	0.25	June 29, 2024
$0.10	1,733,000	1,601,750	0.55	October 18, 2024
$0.10	292,350	292,350	0.61	November 8, 2024
$0.10	2,022,777	2,022,777	0.70	December 13, 2024
$0.20	128,528	78,526	1.29	July 14, 2025
$0.12	141,666	53,123	1.63	November 16, 2025
$0.10	250,000	250,000	1.69	December 7, 2025
$0.11	7,900,159	7,630,364	1.00	

Stock options continuity for the period was as follows:

	Number of options	Weighted average exercise price
Balance, January 1, 2024	8,180,035	$0.11
Excercised	(117,000)	$0.10
Cancelled	(117,743)	$0.10
Expired	(45,133)	$0.22
Balance, March 31, 2024	7,900,159	$0.11

Warrants

There were no changes to the warrant continuity during the period ended March 31, 2024.

The warrants outstanding as at March 31, 2024 are as follows:

Warrant	Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
Lender Warrants	$0.06	5,683,533	July 8, 2024
Lender Warrants	$0.06	7,260,080	April 26, 2025
	$0.06	12,943,613	

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

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Lender Warrants (Short-term) April 26, 2023	154%	3.60%	0%	2
Lender Warrants (Short-term) April 26, 2023	153%	4.14%	0%	2
Lender Warrants July 8, 2022	131%	3.24%	0%	2

(Unaudited - Expressed in Canadian dollars)

9. Share Capital (Continued)

Restricted Share Units (Continued)

RSUs granted during the period ended March 31, 2024

On January 19, 2024, the Company granted 490,856 RSUs to several employees and consultants. Of the total RSUs granted, 122,714 of them vested immediately and were exercised to common shares and the remaining 368,142 RSUs vest at 25% on grant date and 12.5% each quarter until fully vested. The fair value on the RSUs was $80,991. Total share-based compensation recorded for the period ended March 31, 2024, in relation to this RSU issuance was $15,647.

In the period ended March 31, 2024, 53,907 RSUs were cancelled following an employee departure in early January 2024.

As at March 31, 2024, 814,202 RSUs are outstanding and subject to vesting. See Note 13 for RSUs issued and cancelled after the reporting period. RSUs outstanding continuity for the periods ended March 31, 2024, and 2023, were as follows:

	RSUs in units
Balance, January 1, 2024	601,406
Issued RSUs	490,856
Cancelled	(53,907)
Converted to common shares	(224,153)
Balance, March 31, 2024	814,202

The total share-based compensation for the period ended March 31, 2024, was as follows:

		March 31, 2024		**March 31, 2023**
Share-based compensation for options vested	$	7,484	$	58,606
Performance shares issued or to be issued to CEO		-		5,823
Restricted share units		40,531		17,653
Share-based compensation	$	48,015	$	82,082

(Unaudited - Expressed in Canadian dollars)

10. Revenue

Disaggregation of revenues for the periods ended March 31, 2024, and 2023:

	March 31, 2024	March 31, 2023
License fees	$ -	$ 146,171
Setup fees	-	176,294
Grants	-	136,150
Software development	1,410,652	-
Sponsorship, support, maintenance, and other	436,589	13,573
	$ 1,847,241	$ 472,188

<u>Contract balances</u>

The following table provides information about receivables, unbilled revenues (contract asset) and deferred revenues (contract liabilities) from contracts with customers:

	March 31, 2024	December 31, 2023
Unbilled revenue	$ 741,232	$ 8,945
Deferred revenue	(351,813)	(952,893)
Net contract balances	$ 389,419	$ (943,948)

<u>Contract asset</u>

The Company's contract asset of $741,232 (December 31, 2023 - $8,945) is comprised of unbilled revenue from the software development contract earned in the three months ended March 31, 2024. The comparative balance is related to grant revenue from which $Nil revenue has been recognized to date.

During the period ended March 31, 2024, one customer contributed 95% of the Company's total revenue, comprising the recognized portion of the software development contract and monthly support and maintenance fees commencing January 1, 2024. In the comparative period ended March 31, 2023, revenue comprised one grant and several types of revenue from various organizations.

On February 1, 2024, the Company executed a grant agreement with the counterparty from which it entered into a software development and maintenance agreement in the fourth quarter of 2023. The grant agreement compliments the software development agreement and is intended to further incentivize the Company to invest and promote the protocol and ecosystem from which the project was developed. The grant agreement requires incidental incremental input costs on the part of the Company relative to the software development agreement. As per the agreement, the counterparty will grant $GAME tokens subject to milestones that mirror deliverables promised in a separate grant agreement from a separate counterparty.

Under the $GAME token grant agreement, the counterparty will pay up to 59 million $GAME tokens according to a deliverable schedule. The vesting schedule of the tokens is pre-programmed with an unlocking period timeline of 36 months. A portion of the tokens, effectively token inventory, is to be used to support marketing efforts and rewards to application users to be deployed through game play. As the tokens have $Nil cost base, no value is ascribed to token inventory. Of the total grant, 18 million tokens are earmarked for the Company's treasury. The Company has ascribed a nominal $1 value to $GAME tokens (Note 3) that have been earned through the period of March 31, 2024, due to the value of $GAME token not being reliably measurable at the current time. The Company received 59 million tokens subsequent to the reporting period ended March 31, 2024, with 4.5 million being the fixed amount unlocked at token launch (Note 13).

(Unaudited - Expressed in Canadian dollars)

11. 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 bank accounts in Canada and the US. As most of the Company's cash is held by three banks there is a concentration of credit risk.

This risk is managed by using banks that are high credit quality financial institutions as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of accounts receivable and government sales tax receivable. Based on the evaluation of receivables at March 31, 2024, 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 as most of the Company's debt bears a fixed rate of interest. The Company is exposed to fair value 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.

Historically, the Company's main source of funding has been the issuance of loans, equity issuances, 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 or debt funding. Liquidity risk is assessed as high.

Contractual Obligations As at March 31, 2024	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Trade payables and accrued liabilities	$ 1,553,918	$ 1,553,918	$ -	$ -	$ -
Lines of credit	48,817	48,817	-	-	-
Other payable	95,000	95,000	-	-	-
Loans payable	766,735	766,735	-	-	-
Related party loans payable	135,039	135,039	-	-	-
Convertible debt	1,020,976	-	1,020,976	-	-
CEBA Loans	60,574	-	60,574	-	-
Total Contractual Obligations	$ 3,681,059	$ 2,599,509	$ 1,081,550	$ -	$ -

11. Financial Risk Management (Continued)

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 actively hedge its exposure to fluctuations in foreign exchange rates. The Company's revenues are almost entirely in US dollars, while a component of operating expenses are incurred in Canadian dollars, Australian dollars, British pounds, and European euros. 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).

Cash is measured using Level 1 inputs. Contingent consideration payable is measured using level 3 inputs, which is based on management's best estimate of the earn out clause equity payout on a weighted probability of each possible outcome.

The Company's financial instruments consist of cash, accounts receivable, convertible debentures, accounts payable and accrued liabilities, CEBA loan, lines of credit, loans payable, other payable, and contingent consideration payable. The carrying value of financial instruments approximates the fair value as at March 31, 2024 and December 31, 2023 due to their short term nature.

12. 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 or US financial institution. The Company will require capital resources to carry its plans and operations through its current operating year. The Company currently is not subject to externally imposed capital requirements, except for the prohibition on distributions or management fees in accordance with the Promissory Note (Note 6).

There were no changes in the Company's approach to capital management during the period.

13. Subsequent Events

a) On May 2, 2024, the Company entered into a short-term loan agreement with an individual in the amount of $100,000. The loan bears interest at 10% if repaid in full before May 31, 2024, and 20% if paid in full after May 31, 2024. Furthermore, the Company agreed to send 50,000 $GAME tokens if repaid before May 31, 2024, and 100,000 $GAME tokens if repaid after May 31, 2024.

b) Subsequent to the period ended March 31, 2024, the Company made a USD $50,000 principal payment on the Promissory Note.

c) Subsequent to the period ended March 31, 2024, the Company converted 57,626 vested RSUs into common shares and cancelled 184,687 RSUs on employee departures. Also, subsequent to the period ended March 31, 2024, 1,154,364 options expired, and 2,618,807 options were cancelled unexercised.

d) Subsequent to the period ended March 31, 2024, 5,683,533 lender warrants expired.

e) On June 1, 2024, the Company received 59 million tokens on the $GAME token launch, of which 4.5 million were unlocked at the launch date and the remaining in a vesting wallet with monthly release over 36 months. As of the date of these financial statements, the Company has custody of 764,959 tokens. The balance of the tokens has been allocated as marketing, rewards and treasury.