GLOBAL DAILY FANTASY SPORTS INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Global Daily Fantasy Sports Inc.

Opinion
We have audited the consolidated financial statements of Global Daily Fantasy Sports Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 other 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 1 in the consolidated financial statements, which indicates that the Company recorded a net loss of $ 2,258,425 and, as at December 31, 2019, the Company had an accumulated deficit of $ 23,630,708 and a working capital deficit of $ 1,188,205. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Trevor Nakanishi.

"D&H Group LLP"

Vancouver, B.C.
May 25, 2020

Chartered Professional Accountants

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		90,292	268,730
Amounts receivable		23,508	79,694
GST/VAT receivables		64,929	51,383
Prepaids		5,632	56,080
Other Assets	12	67,865	72,547
Total current assets		252,226	528,434
Non-current assets			
Property, plant and equipment	4	1,153	13,623
Intangible assets	5	-	-
Total non-current assets		1,153	13,623
TOTAL ASSETS		253,379	542,057
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8(a)	1,105,377	675,540
Loans	13	300,000	-
Purchase obligation payable	5(c)	35,054	37,472
TOTAL LIABILITIES		1,440,431	713,012
SHAREHOLDERS' EQUITY			
Share capital	6	21,026,969	19,526,984
Share subscriptions received		-	250,000
Share-based payments reserve		1,416,687	1,424,344
Deficit		(23,630,708)	(21,372,283)
TOTAL SHAREHOLDERS' EQUITY		(1,187,052)	(170,955)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		253,379	542,057

Nature of operations and going concern - Note 1

Commitments - Notes 5 and 11

Subsequent events - Note 14

These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 25, 2020 and are signed on its behalf by:

/s/ Darcy Krogh	*/s/ Mike Marrandino*
Darcy Krogh	Mike Marrandino
Director	Director

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

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended December 31, 2019 $	2018 $
Revenue		50,789	106,889
Expenses			
Accounting and administration		7,747	44,280
Audit		28,500	32,299
Data access fees		157,860	237,143
Depreciation	4	2,016	4,446
Directors' fees	8(a)	100,800	103,200
Intangible amortization	5	-	436,815
Legal		156,929	159,673
Loan Interest expense	13	7,060	-
Licenses		12,599	13,592
Management compensation	8(a)	515,356	497,854
Office and miscellaneous		26,786	115,826
Professional and technical support fees		941,252	1,846,746
Regulatory		-	2,352
Rent		45,975	176,882
Salaries and benefits		255,088	624,838
Share-based compensation		(7,657)	409,940
Shareholder costs		4,443	3,902
Transfer agent		20,893	26,263
Travel and related		32,853	108,023
		2,308,500	4,844,074
Loss before other items		(2,257,711)	(4,737,185)
Other items			
Interest income		1,893	11,419
Loss on disposal of fixed assets		(10,454)	-
Foreign exchange (loss) gain		7,847	(76,783)
Intangible impairment	5	-	(3,114,144)
		(714)	(3,179,508)
Comprehensive loss for the year		(2,258,425)	(7,916,693)
Basic and diluted loss per common share		$(0.03)	$(0.15)
Basic and diluted weighted average number of common shares outstanding		69,542,224	51,668,379

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

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Year Ended December 31, 2019

	Share Capital					
	Number of Shares	Amount $	Share Subscriptions Received $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at December 31, 2018	59,374,005	19,526,984	250,000	1,424,344	(21,372,283)	(170,955)
Common shares issued for:						
Private placements	12,500,000	1,249,985	-	-	-	1,250,985
Share Subscriptions Converted	2,500,000	250,000	(250,000)	-	-	-
Share-based compensation (recovery)	-	-	-	(7,657)	-	(7,657)
Net loss for the year	-	-	-	-	(2,258,425)	(2,258,425)
Balance at December 31, 2019	74,374,005	21,026,969	-	1,416,687	(23,630,708)	(1,187,052)

Year Ended December 31, 2018

	Share Capital					
	Number of Shares	Amount $	Share Subscriptions Received $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at December 31, 2017	47,426,293	17,752,845	-	1,014,404	(13,455,590)	5,311,659
Common shares issued for:						
Private placements	9,951,462	1,492,702	-	-	-	1,492,702
Share warrants	1,996,250	299,437	-	-	-	299,437
Share issue costs	-	(18,000)	-	-	-	(18,000)
Share Subscriptions Received	-	-	250,000			250,000
Share-based payments	-	-	-	409,940	-	409,940
Net loss for the year	-	-	-	-	(7,916,693)	(7,916,693)
Balance at December 31, 2018	59,374,005	19,526,984	250,000	1,424,344	(21,372,283)	(170,955)

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019 $	2018 $
Operating activities		
Net loss for the period	(2,258,425)	(7,916,693)
Adjustments for:		
Depreciation	2,016	4,446
Intangible asset amortization	-	436,815
Intangible impairment	-	3,114,144
Loss on disposal of fixed assets	10,454	
Share-based compensation	(7,657)	409,940
Changes in non-cash working capital items:		
Amounts receivable	56,186	(72,941)
GST/VAT receivables	(13,546)	(8,557)
Prepaid expenses	50,448	11,650
Other assets	4,682	(72,547)
Accounts payable, accrued liabilities, and purchase obligations	427,419	42,098
Net cash used in operating activities	(1,728,423)	(4,051,645)
Financing activities		
Issuance of common shares	1,249,985	1,4792,702
Loan proceeds	300,000	-
Warrants exercised	-	299,437
Share subscriptions received	-	250,000
Share issue costs	-	(18,000)
Net cash provided by financing activities	1,549,985	2,024,139
Net change in cash	(178,438)	(2,027,506)
Cash at beginning of year	268,730	2,296,236
Cash at end of year	90,292	268,730

Supplemental cash flow information - Note 10

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

1. Nature of Operations and Going Concern

The Company was incorporated on December 2, 1985 under the provisions of the Company Act (British Columbia). The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "DFS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company's principal business activity is online daily fantasy sports ("DFS") industry as a business to business technology provider of DFS software, which will allow its customers the ability to offer a customized and fully-branded DFS product to their clients.

The Company's operations have been primarily funded from equity financings, which are dependent upon many external factors and may be difficult to secure or raise when required on terms acceptable to the Company or at all. During fiscal 2019 the Company raised $1,249,985 through the sale of its common shares. The Company incurred a net loss of $2,258,425 (2018 - $7,916,693) has negative working capital of $1,188,205 (2018 - negative working capital of $184,578) and accumulated deficit of $23,630,708 (2018 - $21,372,283). The Company recognizes that its objectives and scope of expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. Subsequent to year end there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economy of all nations for an undeterminable period of time, the extent of which is also uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the audited consolidated financial statements.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements are audited and have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company as at December 31, 2019 are as follows:

Company	Location of Incorporation	Ownership Interest
GDFSI Malta Holding Limited	Malta	100%
GDFSI Malta Limited	Malta	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following are critical judgments and estimations that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management uses judgment in estimating the recoverable values of the Company's cash generating units ("CGUs") and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment.

(iii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iv) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(v) The valuation of share options involves key estimates such as volatility, forfeiture rates, estimated lives and market rates.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at December 31, 2019 and 2018 the Company did not have any cash equivalents.

3. Summary of Significant Accounting Policies (continued)

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of between 25% and 30% for office furniture and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive income or loss.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Intangible Assets

Intangible assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Intangible assets consists of licenses and costs incurred to develop software platforms and internet websites and mobile phone applications to promote, advertise and earn revenue with respect to the Company's business operations. Costs are capitalized when the expenditure can be directly attributed or allocated on a reasonable and consistent basis, and was incurred for its intended use in accordance with IFRS, and in accordance with IAS 38, *Intangible Assets*, as issued by the IASB. Content developed for advertising or promoting is recognized as an expense when incurred. Amortization is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. Summary of Significant Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the consolidated statement of comprehensive loss.

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that it may be impaired:

(i) an intangible asset with an indefinite useful life; and
(ii) an intangible asset not yet available for use.

The recoverable amount of an asset or CGU is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCS"). In assessing VIU, 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.

The Company's assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

In respect of assets other than intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed in a subsequent period when there has been an increase in the recoverable amount of a previously impaired asset or CGU. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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3. Summary of Significant Accounting Policies (continued)

Financial Instruments

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

(ii) Measurement

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

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. 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 FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in compressive 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. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, 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 the statements of net (loss) income.

3. Summary of Significant Accounting Policies (continued)

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financings transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve 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.

For employees the fair value is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

3. Summary of Significant Accounting Policies (continued)

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable
tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share earnings. The Company computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average prices.

Revenue Recognition

Revenue is recognized only when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

3. Summary of Significant Accounting Policies (continued)

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. 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 recognized in comprehensive loss.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Leases

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Changes in Accounting Policies – Leases

Effective January 1, 2019 the Company adopted IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases ("IAS 17") and its associated interpretative guidance. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and" disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less ("Short-term Leases") or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company has leases which are Short-term Leases and, as allowed by IFRS 16, has determined not recognize these leases as assets and liabilities. There was no significant impact on the Company's consolidated financial statements upon the adoption of this new standard.

(Expressed in Canadian Dollars)

4. Property, Plant and Equipment

	Office Furniture and Equipment $
Cost:	
Balance at December 31, 2018	24,854
Disposals	(16,202)
Balance at December 31, 2019	8,652
Accumulated Depreciation:	
Balance at December 31, 2018	11,231
Depreciation	2,016
Disposals	(5,748)
Balance at December 31, 2019	7,499
Carrying Value:	
Balance at December 31, 2018	13,623
Balance at December 31, 2019	1,153

(Expressed in Canadian Dollars)

5. Intangible Assets

Cost	Bellwether Agreement (a)	NYX Agreement (b)	Other Internal Developed Software	Mondogoal (c)	Total
$	$	$	$	$	$
Balance at December 31, 2017	2,147,972	322,663	757,581	371,170	3,599,386
Impairment of cost	(2,147,972)	(322,663)	(757,581)	(371,170)	(3,599,386)
Balance at December 31, 2018	-	-	-	-	-
Balance at December 31, 2019	-	-	-	-	-
Accumulated Depreciation					
Balance at December 31, 2017	35,800	-	12,626	-	48,426
Balance at December 31, 2018	35,800	-	12,626	-	48,426
Depreciation	322,194	-	114,621	-	436,815
Impairment of depreciation	(357,994)	-	(127,247)	-	(485,241)
Balance at December 31, 2019	-	-	-	-	-
Carrying Value					
Balance at December 31, 2018	-	-	-	-	-
Balance at December 31, 2019	-	-	-	-	-

(a) On May 12, 2016 the Company entered into an agreement (the "Bellwether Agreement") with Bellwether Technologies, Inc. ("Bellwether"), a privately owned Nevada corporation, pursuant to which Bellwether:

(i) granted the Company a perpetual license for a software platform license (the "Bellwether Platform License");
(ii) agreed to develop a proprietary software system (the "DFS Product"); and
(iii) agreed to provide maintenance and support of the Bellwether Platform License and DFS Product (the "Bellwether Support") for a two year period until May 2018.

In consideration for the Bellwether Platform License, the Company agreed to pay Bellwether a one-time license fee of US$400,000, of which US$150,000 ($194,685) was paid on May 26, 2016 and US$250,000 was due upon the completion and sign-off by the Company of the Phase III - Beta Testing of the DFS Product and receipt of all documentation of the DFS Product and Bellwether Platform License, this was paid in January 2018. As at December 31, 2019, the Company has paid Bellwether development fees totalling $2,147,972 in connection with the development of the DFS Product. The Company has paid Bellwether $490,998 for the 24 month period to December 31, 2019, for software support and maintenance.

(b) On May 31, 2016, the Company entered into an agreement (the "NYX Agreement") with NYX Digital Gaming (USA), LLC ("NYX"), a wholly-owned subsidiary of NYX Gaming Group Limited, (NYX Gaming Group Limited which in turn was purchased by Scientific Games Corporation (NASDAQ: SGMS) ("SGC") in January 2018. Scientific Games a global leader in technology-based gaming systems, table games, table products and instant games, and a leader in products, services and content for gaming, lottery and interactive gaming markets), established a strategic relationship with NYX to develop and distribute the DFS Product on NYX's proprietary suite of software files (the "OGS Platform") to NYX clients as follows:

5. Intangible Assets (continued)

(i) the Company and NYX will co-operate in the development of the DFS Product;

(ii) NYX granted the Company an exclusive, irrevocable, non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide right to distribute the DFS Product on the OGS network (the “Network Distribution Rights”);

(iii) NYX granted the Company an exclusive, irrevocable, non sub-licensable and non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide licence to use and exploit the OGS Platform and to use, display, install, copy and create derivative works or otherwise exploit the OGS Platform in connection with the distribution of the DFS Product on the OGS network (the “OGS Licence”); and

(iv) NYX agreed to offer and promote the DFS Product to its current and future customer base as its sole daily fantasy sports solution and to use its sales and marketing teams to maximize commercial exploitation of the DFS Product throughout the OGS network.

In consideration for the Network Distribution Rights and the OGS Licence, the Company paid NYX $159,488 (US$125,000) on April 12, 2016 and, on August 5, 2016, made a further payment of $163,175 (US$125,000).

The Company must also make a payment of US$250,000 to NYX upon the commercial launch of the DFS Product on the OGS Platform and the OGS network (the “Commercial Launch”).

In addition, the Company will pay to NYX a monthly royalty (the “DFS Royalty”), comprising the greater of:

(i) 30% net gaming revenue earned from the use of the OGS Platform and OGS network to distribute the DFS Product; or

(ii) minimum royalty of US$5,000 per month for the first 24 months, and US$10,000 thereafter.

The Company’s obligation to remit the applicable DFS Royalty will begin 30 days after the Commercial Launch. The term of the NYX Agreement is five years from the Commercial Launch, which initial term may be renewed by the Company on written notice to NYX for an additional five year period. The development work for the integration of the DFS product into the OGS Platform and OGS network has not been fully completed as the Company has not yet signed with a NYX customer.

(c) On May 26, 2017 the Company announced that, effective May 11, 2017, the Company entered into an asset purchase agreement (the “Mondogoal Purchase”) with Mondogoal whereby the Company purchased Mondogoal’s operating assets consisting of intellectual property, trademarks and client contracts (the “Purchased Assets”) for the Company’s DFS B2B operations to be conducted in Italy. The purchase price paid for the Purchased Assets was US$247,500 plus certain unpaid liabilities of Mondogoal related to the assets. In addition, the Company agreed to pay Mondogoal an amount equal to the value of the net gaming revenues derived from the Purchased Assets during each of the first three anniversary periods, to be payable in common shares of the Company that are priced in the context of the market (the “Earn-out Shares”) to a maximum of US$300,000 and subject to TSXV approval. As of December 31, 2019, no Earn-out Shares have been issued.

5. Intangible Assets (continued)

Mondogoal has ceased operations and has failed to perform its obligations under the Mondogoal Purchase. The Company believes it has no further obligations owing under the Mondogoal Purchase and has the right to certain damages under the Mondogoal Purchase. As of December 31, 2019, the Company had no customers using Mondogoal's operating assets it acquired as three of Mondogoal's Italian operators were not renewed on July 31, 2019.

(d) Intangible assets are tested for impairment when indicators of impairment exist at the reporting date as described in its policy in Note 3. The Company has grouped all the intangible assets into one cash generating unit ("CGU") for the purposes of impairment testing.

At December 31, 2018, the Company noted that the intangible assets had indicators of impairment. The main indicator of impairment of the Bellwether agreement and the Other Internal Developed Software was the uncertainty of demand from potential customers for the Company's software, and the continuing operational

losses being incurred by the Company, due to the uncertainty of demand it was impossible to produce a reliable future positive cash-flow model that could justify carrying a value for the software. There was no certainty of demand from NYX customers for the Company's software and with no visibility into future cash-flow generation it was impossible to produce a reliable future positive cash-flow model that could justify carrying a value for the asset. The value of the Mondogoal

investment had previously been justified through the expected future growth of the revenue from the customer contracts, however in 2018 the revenue from these contracts did not grow enough to establish a network that had positive cash-flow, and with the lack of growth holding a value for the Mondogoal investment was not justifiable. As a result of the indicators, the Company completed an impairment test by comparing the carrying amount of the CGU to its recoverable amount.

To determine the recoverable amount, the Company compared the carrying value of the CGU to the recoverable amount, where the recoverable amount is higher of the FVLCS and the VIU. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

The Company was unable to determine reliable estimates for the CGU using either FVLCS or VIU. As a result, the Company determined that a full impairment of the CGU was required and, accordingly, made an impairment charge of $3,114,144 in 2018.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(b) *Equity Financings*

During the twelve months to December 31, 2019, the Company completed a first tranche of a non-brokered private placement of 11,600,000 units at a price of $0.10 per unit for gross proceeds of $1,159, 985. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles, subject to accelerated vesting in certain circumstances, the holder to purchase an additional common share of the Company at an exercise price of $0.20 per until April 4, 2020. In addition, the Company completed a second tranche of a non-brokered private placement of 3,400,000 units at a price of $0.10 per unit for gross proceeds of $340,000. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.20 per until July 17, 2020.

Fiscal 2018

During the twelve months to December 31, 2018, the Company completed a non-brokered private placement of 9,951,462 units at a price of $0.15 per unit for proceeds of $1,492,702. Each unit consisted of one common share of the Company and one half of one transferable warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of 36 months after the closing. The Company also incurred legal and financing fees of $18,000.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2019 and 2018, and the changes for the years ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	4,975,730	0.40	12,500,000	0.51
Issued	15,000,000	0.20	4,975,730	0.40
Expired	-		(10,503,750)	0.49
Exercised	-		(1,996,250)	0.15
Balance, end of year	19,975,730	0.25	4,975,730	0.51

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2019:

Number	Exercise Price $	Expiry Date
3,117,128	0.40	August 16, 2021
1,858,602	0.40	September 29, 2021
11,600,000	0.20	April 4, 2020
3,400,000	0.20	July 17, 2020
19,975,730		

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV.

The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

During the twelve months ended December 31, 2019 the company did not grant any share options and recorded a compensation expense recovery of ($7,657) (2018: $409,940), net of forfeitures. The fair value of the share options granted was estimated using the Black-Scholes option pricing model using the following assumptions:

risk-free interest rate of 1.757% to 2.232%; estimated volatility of 100.97% to 124.60%; expected life of five years; expected dividend yield of 0%; estimated forfeiture rate of 0%. The share options are subject to vesting provisions and will vest over three years.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at December 31, 2019 and 2018 and the changes for the twelve months ended on those dates, is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of period	2,825,000	0.45	3,025,000	0.48
Granted	-	-	300,000	0.15
Forfeited	(533,337)	0.42	(500,000)	0.48
Balance, end of period	2,291,663	0.45	2,825,000	0.45

The following table summarizes information about the share options outstanding and exercisable at December 31 2019:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
2,091,663	1,808,323	0.48	September 12, 2022
200,000	66,666	0.15	August 23, 2023
2,291,663	1,874,989		

(Expressed in Canadian Dollars)

7. Income Tax

Deferred income tax assets and liabilities of the Company as at December 31, 2019 and 2018 are as follows:

	2019 $	2018 $
Deferred income tax assets		
Non-capital losses	4,600,600	3,924,100
Capital losses	889,900	889,900
Other	67,000	76,800
	5,557,500	4,890,800
Valuation allowance	(5,557,500)	(4,890,800)
Net deferred income tax asset	-	-

The reconciliation of the combined statutory income tax rates to the effective tax rate for fiscal 2019 and 2018 is as follows:

	2019 $	2018 $
Combined statutory tax rates	27.0%	27.0%

	2019 $	2018 $
Expected income tax recovery	(627,900)	(2,137,500)
Foreign income tax rate differences	(169,800)	(641,600)
Non-deductible expenditures	(300)	108,300
Other	133,600	(73,600)
Income tax rate change	(69,900)	(64,100)
Unrecognized benefit of income tax losses	734,300	2,808,500
Actual income tax recovery	-	-

As at December 31, 2019, the Company has non-capital losses of approximately $3,354,116 (2018 - $3,246,539), capital losses of approximately $6,591,643 (2018 - $6,591,643) and accumulated pools of approximately $247,487 (2018 - $318,714) for Canadian income tax purposes to offset against future income. The non-capital losses expire commencing 2027 to 2039. The Company also has non-capital losses of approximately $10,947,476 (2018 - $8,558,096) for Maltese income tax purposes.

The potential income tax benefits relating to these items have not been recognized in the financial statements, as their realization is not considered probable under the liability method of tax allocation. Accordingly, no deferred income tax assets have been recognized on account of these losses.

8. Related Party Disclosures

Transactions with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(a) *Transactions with Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

During fiscal 2019 the Company incurred $616,156 (2018 - $601,054) for compensation to directors and officers and/or their related companies. As at December 31, 2019, $785,536 (2018 - $255,820) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

During fiscal 2019 the Company incurred legal expenses of $103,881 (2018 - $nil) by Meretsky Law Firm, a law firm of which a director of the Company is a partner. As at December 31, 2019, $30,402.65 (2018 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

See also Note 6(b).

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2019 $	December 31, 2018 $
Cash	FVTPL	90,292	268,730
Amounts receivable	Amortized costs	88,437	131,077
Other assets	Amortized costs	67,865	72,547
Accounts payable and accrued liabilities	Amortized costs	(1,105,377)	(675,540)
Purchase obligation payable	Amortized costs	(35,054)	(37,472)
Loans payable	FVTPL	(300,000)	-

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

(Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, amounts receivable, accounts payable and accrued liabilities and purchase obligation payable approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at December 31, 2019				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	90,292	-	-	-	90,292
Amounts receivable	88,437	-	-	-	88,437
Other assets	67,865	-	-	-	67,865
Accounts payable and accrued liabilities	(1,105,377)	-	-	-	(1,105,377)
Purchase obligation payable	(35,054)	-	-	-	(35,054)
Loans payable	(300,000)	-	-	-	(300,000)

	Contractual Maturity Analysis at December 31, 2018				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	268,730	-	-	-	268,730
Amounts receivable	131,077	-	-	-	131,077
Other assets	72,547	-	-	-	72,547
Accounts payable and accrued liabilities	(675,540)	-	-	-	(675,540)
Purchase obligation payable	(37,472)	-	-	-	(37,472)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

9. Financial Instruments and Risk Management (continued)

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Regulatory Risk

The Company is exposed to risk due to the regulatory uncertainty of the DFS industry and online gaming activities. The industry is currently unregulated. The Company is unable to predict whether regulations will be introduced in the future and if so, whether they could negatively impact the operations of the Company.

Capital Management

The Company does not have any externally imposed regulatory capital requirements for managing capital. The Company has defined its capital to mean working capital and shareholders equity, as determined at each reporting date. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing.

10. Supplemental Cash Flow Information

During the twelve months ended December 31, 2019 and 2018 there were no non-cash activities conducted by the Company.

11. Commitments

The Company must make a payment of US $250,000 to SGC upon the commercial launch of the DFS Product on the OGS Platform and the OGS Network.

12. Other assets

In October 2018 the Company's bank in Malta, Satabank, was directed by the Malta Financial Services Authority (MFSA) to refrain, cease and desist from taking further deposits into the accounts of its current customers. The MFSA also asked Ernst & Young, to take charge of the bank's assets for the purpose of safeguarding the interests of depositors and to assume control of the bank's business. The Company has 46,489 euro (CA $67,220) in two bank accounts at Satabank and is in the process of transferring these funds to a new bank in Malta. As the funds are not currently available cash the amount has been categorized as "Other assets" in the statement of financial position. Dialogue with Satabank is ongoing and the Company anticipates release in full of these funds in 2020.

13. Loans

The Company approved loans in fiscal 2019 for $300,000 (2018 - $nil) in total. The loans incur annual interest of 12% and are repayable on demand by the lender.

14. Subsequent Events

(i) On January 15, 2020, the Company announced a financing transaction of up to 33,333,334 subscription receipts (each, a "Subscription Receipt") at a price of $0.15 per Subscription Receipt for aggregate gross proceeds of up to $5,000,000 (the "Financing"), with an over-allotment option for further proceeds of up to $750,000, the proceeds of which are to be used for working capital and satisfy the financing condition to complete the Playgon Transaction. On April 23, 2020, the Company modified the terms of the Financing to produce that each Subscription Receipt will, without payment of any additional consideration and without further action on the part of the holder thereof, be automatically exercisable into one common share in the capital of the Company and one warrant of the Company (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Company (each, a "Warrant Share") at an exercise price of $0.215 per Warrant Share for 18 months from the escrow release date, subject to acceleration if, at any time between the date that is four months and one day following the closing date of the Financing and the expiry date of the Warrants, the common shares of the Company trade at a closing price of $0.30 or above for a period of 20 consecutive trading days on the TSX Venture Exchange or such other stock exchange where the Company's common shares are listed. The Financing is expected to close on or about June 1, 2020; however, the Company provides no assurance that it will be closed or on the conditions provided herein.

(ii) The Company increased its loans by $200,000 subsequent to year end. The loans incur annual interest of 12% and are repayable on demand by the lender.