PLAYGON GAMES INC.

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Playgon Games Inc.

Opinion

We have audited the accompanying consolidated financial statements of Playgon Games Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $16,551,132 during the year ended December 31, 2023, and, as of that date, the Company had a working capital deficit balance of $10,503,832 (December 31, 2022 –$8,832,497) and an accumulated deficit of $78,200,335 (December 31, 2022 - $61,689,203). As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Completeness and Accuracy of Revenues

We draw your attention to Note 2 – Material accounting policies to the consolidated financial statements. The Company enters into contracts with game operators that provide access to the Company's Live Dealer Product. Judgment is required by the Company to identify the principal of the arrangement, and to determine the completeness and accuracy of revenue recognized.

The principal considerations for our determination that performing procedures relating to the judgment involved in the determination of the nature of the relationship with the game operators, and the completeness and accuracy of revenues is a key audit matter are (i) judgments of whether the Company was the principal in arrangement where the performance obligation is software as a service which in turn led to (ii) significant auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of the performance obligations and (iii) significant effort involved in assessing the completeness of the transactions and the accuracy of revenues recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Walkthrough of the Company' processes and controls to understand and design appropriate audit procedures to test the completeness and accuracy of revenues recognized.
- Evaluating the appropriateness of management's assessment of the principal and or agency relationship with its game operators by examining the contract source documents.
- Professionals with specialized skill and knowledge were used to assist in testing the completeness and accuracy of revenues.
- Examining and evaluating the contractual terms identified in underlying agreements with game operators for consistency with the amounts recorded in the financial statements.
- Testing of detailed reconciliations of the revenues recognized to key records maintained by the Company and the game operators.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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 audit. We remain solely responsible for our audit opinion.

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

May 2, 2024

PLAYGON GAMES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
		$	$
ASSETS			
Current assets			
Cash		208,448	206,781
Amounts receivable		327,013	260,115
Sales tax receivable		111,066	164,361
Prepaids		150,442	250,800
		796,969	882,057
Other assets	3	441,227	440,454
Property and equipment	4	464,870	657,737
Intangible assets	5	3,586,219	6,041,870
Right-of-use asset	6	219,152	191,247
		5,508,437	**8,213,365**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	4,834,170	3,669,286
Loans payable	8	1,745,033	5,807,202
Purchase obligation payable		35,121	34,718
Current portion of convertible debentures	9	4,465,527	-
Current portion of lease liability	6	220,950	203,348
		11,300,801	9,714,554
Convertible debenture subscriptions received	9	-	920,000
Convertible debentures	9	9,572,275	-
		20,873,076	10,634,554
SHAREHOLDERS' DEFICIENCY			
Share capital	10	56,665,614	54,533,474
Reserves	10	6,121,019	4,665,687
Accumulated other comprehensive income		49,063	68,853
Accumulated deficit		(78,200,335)	(61,689,203)
		(15,364,639)	(2,421,189)
		5,508,437	**8,213,365**

Nature and going concern (Note 1)
Subsequent events (Note 16)

Approved on behalf of the Board of Directors on April 29, 2024:

/s/ Darcy Krogh
Darcy Krogh
Director

/s/ Mike Marrandino
Mike Marrandino
Director

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

PLAYGON GAMES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended December 31, 2023	2022
		$	$
Revenue	15	1,470,224	957,745
Operating expenses			
Advertising and promotion		95,685	175,499
Consulting fees		1,370,201	1,544,465
Data access fees		1,163,130	897,312
Depreciation and amortization	4, 5, 6	2,998,849	3,339,729
Interest and bank charges	6, 8, 9, 10, 11	1,743,819	254,695
Management and directors fees	11	801,534	784,318
Other general and administrative expenses		399,764	869,077
Professional fees		669,000	400,038
Regulatory and shareholder services		29,801	62,555
Rent		201,015	115,307
Sales commissions		314,349	212,816
Salaries and benefits	11	8,626,554	8,274,272
Share-based compensation	11	172,316	614,450
Travel		84,359	98,206
		18,670,376	17,642,739
Loss before other income (expenses)		(17,200,152)	(16,684,994)
Other income (expenses)			
Interest income		15,144	15,631
Foreign exchange loss		(92,775)	(153,984)
Gain on debt settlement	10	320,451	-
		242,820	(138,353)
Loss for the year before taxes		(16,957,332)	(16,823,347)
Deferred tax recovery	9, 12	446,200	-
Loss for the year		(16,511,132)	(16,823,347)
Foreign currency translation adjustment		(19,790)	1,198
Comprehensive gain (loss) for the year		**(16,530,922)**	**(16,822,149)**
Basic and diluted loss per common share		(0.06)	(0.07)
Weighted average number of common shares outstanding			
Basic and diluted		254,268,635	253,331,449

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

PLAYGON GAMES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2023	2022
	$	**$**
Cash flows provided by (used in) operating activities		
Loss for the year	(16,511,132)	(16,823,347)
Items not affecting cash:		
Interest expense	1,135,744	216,044
Accretion expense	553,928	-
Depreciation and amortization	2,998,849	3,339,729
Share-based compensation	172,316	614,450
Gain on debt settlement	(320,451)	-
Unrealized foreign exchange	-	(6,187)
Deferred tax recovery	(446,200)	-
Changes in non-cash working capital:		
Amounts receivable	(66,899)	(97,635)
Sales tax receivable	53,295	(82,996)
Prepaids	99,585	82,911
Accounts payable and accrued liabilities	974,808	1,569,100
	(11,356,157)	(11,187,931)
Cash flows provided by (used in) investing activities		
Acquisition of property and equipment	(126,257)	(29,631)
	(126,257)	(29,631)
Cash flows provided by (used in) financing activities		
Loan proceeds	5,966,000	5,023,000
Loan repayments	(8,096,000)	-
Interest paid on loans	(390,786)	-
Convertible debenture proceeds	14,696,000	-
Convertible debenture issuance costs	(402,910)	-
Subscriptions received for convertible debentures	-	920,000
Repayment of lease liability	(256,389)	(424,078)
Share issuance costs	(14,438)	-
	11,501,477	5,518,922
Effect of foreign exchange on cash	(17,396)	(24,582)
Change in cash during the year	1,667	(5,723,222)
Cash, beginning of year	206,781	5,930,003
Cash, end of year	**208,448**	**206,781**

Supplemental disclosure with respect to cash flows (Note 14)

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

PLAYGON GAMES INC.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Share Capital	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2021	**253,331,449**	**54,533,474**	**4,051,237**	**67,655**	**(44,865,856)**	**13,786,510**
Share-based compensation	-	-	614,450	-	-	614,450
Foreign exchange on translation	-	-	-	1,198	-	1,198
Loss for the year	-	-	-	-	(16,823,347)	(16,823,347)
Balance, December 31, 2022	**253,331,449**	**54,533,474**	**4,665,687**	**68,853**	**(61,689,203)**	**(2,421,189)**
Shares issued for debt	35,243,278	2,132,140	-	-	-	2,132,140
Equity component of convertible debenture, net of issue costs and tax	-	-	1,206,128	-	-	1,206,128
Convertible debenture – agent warrants	-	-	76,888	-	-	76,888
Share-based compensation	-	-	172,316	-	-	172,316
Foreign exchange on translation	-	-	-	(19,790)	-	(19,790)
Loss for the year	-	-	-	-	(16,511,132)	(16,511,132)
Balance, December 31, 2023	**288,574,727**	**56,665,614**	**6,121,019**	**49,063**	**(78,200,335)**	**(15,364,639)**

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

1. NATURE AND GOING CONCERN

Playgon Games Inc. ("Playgon") was incorporated on December 2, 1985, under the laws of the Province of British Columbia. All references in this document to the "Company" refer to Playgon Games Inc. and its wholly owned subsidiaries. The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "DEAL". The Company's principal office is located at #1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada.

The Company's principal business is the development and licensing of digital content for the growing iGaming market. The Company provides a multi-tenant gateway that allows online operators the ability to offer their customers innovative iGaming software solutions. Its current software platform includes Live Dealer Casino, E-Table games ("Live Dealer Product") and Daily Fantasy Sports ("DFS") which, through a seamless integration at the operator level, allows customer access without having to share or compromise any sensitive customer data.

The Company's operations have been primarily funded from equity financings, loans and convertible notes, 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 the year ended December 31, 2023, the Company incurred a net loss of $16,511,132 (2022 - $16,823,347). As at December 31, 2023, the Company had a working capital deficit balance of $10,503,832 (December 31, 2022 –$8,832,497) and an accumulated deficit of $78,200,335 (December 31, 2022 - $61,689,203). The Company recognizes that its objectives and scope of expenditures may change with ongoing results and, as a result, it will need to seek 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. These factors indicate the existence of a material uncertainty that 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 consolidated financial statements.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance
These consolidated financial statements are audited and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") in effect at December 31, 2023.

Recent accounting pronouncements and changes in accounting policies

During the year ended December 31, 2023, the Company adopted the following amendment:

IAS 1 Presentation of Financial Statements

As at January 1, 2023, the Company adopted amendments made to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements in which guidance and examples are provided to help entities apply materiality judgements to accounting policy disclosures. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Basis of presentation
The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries at the end of the reporting period as follows:

	Incorporation	Percentage owned	
		2023	2022
Playgon Interactive Inc. ("Playgon Interactive")	Canada	100%	100%
Companies owned by Playgon Interactive			
Cleebo Games Inc.	Canada	100%	100%
Bitrate Productions ("Bitrate")	USA	100%	100%
Playgon Distribution Limited	Cyprus	100%	100%
Playgon Malta Holding Limited	Malta	100%	100%
Companies owned by Playgon Malta Holding Limited			
Playgon Malta Limited	Malta	100%	100%

All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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, 2023 and 2022, the Company did not have any cash equivalents.

Functional and presentation currency
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of Playgon and its subsidiaries is the Canadian dollar ("CAD") with the exception of Bitrate which has a functional currency of the U.S. dollar ("USD"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than CAD are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities in foreign currencies are translated at historical rates. Revenues and expenses are translated at the average exchange rates approximating those in effect during the reporting period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using average rate. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive loss.

Property and equipment
Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is charged to earnings over the estimated useful lives using the declining balance method or straight-line basis as follows:

Computers	55%
Computer software	20%
Furniture and equipment	20%
Other equipment	20%
Leasehold improvements	5 years

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Intangible assets
Intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Intangible assets consist of licenses and costs incurred to develop software platforms, 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.

Intangible assets acquired in business combinations and pursuant to asset purchases are recorded at their fair values.

Development expenditures, including the cost of material, direct labour and other direct costs are recognized as an intangible asset when the following recognition requirements are met:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the asset, and
- the asset will generate probable future economic benefits.

Intangible assets being developed are amortized once development is complete and the asset starts to generate income.

The Company's intangible assets have a finite life and are being amortized using the straight-line method over 5 years. 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.

Government grants

The Company claims investment tax credits as a result of research and development. Investment tax credits are recognized against the related asset when they have been realized.

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 cash-generating unit ("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 loss and 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.

Financial Instruments

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 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.

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, with transaction costs expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

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

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.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Convertible debentures

Convertible debentures issued by the Company represent a compound financial instrument that includes the host debt liability and the convertible component, with the proceeds received allocated between the two components at the date of issue. The Company assesses whether the convertible component qualifies as equity or is considered a derivative liability. If the conversion feature meets the definition of equity, the fair value of the liability component is estimated at the date of issue of the instrument using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability (net of transaction costs) on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequent remeasured. Transaction costs are apportioned between the liability and equity components of the convertible instrument, based on the allocation of proceeds to the financial liability and equity components when the instruments are initially recognized. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

If the conversion feature of a convertible instrument does not meet the definition of equity, it is classified as an embedded derivative and measured accordingly. The debt component of the instrument is determined by deducting the fair value of the embedded derivative at inception from the fair value of the consideration received for the instrument as a whole. The debt component is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

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 profit or 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.

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 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 payments
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 profit or loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case income tax is also recognized in other comprehensive loss or directly in equity, respectively.

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 is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 attributable to common shareholders by the weighted average number of common shares outstanding during the year. 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 using the treasury stock method, which assumes 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
The Company generates Software as a service ("SAAS") revenue from contracts with customers by providing them access to the Company's Live Dealer Product. The Company recognizes revenues at the fair value of the consideration received or receivable when a performance obligation is satisfied.

The Company accounts for revenue from a contract with a customer when the following criteria are met:
1) The contract has been approved by the parties to the contract;
2) When the performance obligations for both parties to the service contract have been established;
3) When the payment terms for the contract have been identified and can be allocated to the established performance obligations;
4) When the Company has fulfilled its performance obligations per the customer contract; and
5) When it is probably the Company will collect the consideration to which it is entitled for providing the services as laid out in the customer contract.

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.

Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is determined on a cost recovery basis.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Use of estimates

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 consolidated financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 consolidated financial statements:

<u>Financial instruments</u>

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.

<u>Valuation of convertible debentures</u>

The identification of convertible debenture components is based on interpretation of the substance of the contractual arrangement and therefore requires judgment from Management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is based on a number of assumptions including contractual future cash flows, discount rates and the presence of any derivative financial instruments. Changes in the input assumptions can materially affect the fair value estimate.

Valuation of share-based compensation
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Economic recoverability and probability of future economic benefits of intangible assets and amortization
Management has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and the probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset. Finite-lived intangible assets are tested for impairment when indicators of impairment exist. As at December 31, 2023, Management determined there were no impairment indicators and no impairment charge was required.

3. 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 retained Ernst & Young LLP to take charge of the bank's assets for the purpose of safeguarding the interests of the depositors and to assume control of the bank's business. The Company has EUR €46,047 (CAD$67,349) (December 31, 2022 - EUR €46,047 (CAD$66,575)) in a bank account at Satabank and is in the process of transferring these funds to a new bank in Malta. As the funds are not currently available, the cash amount has been categorized as "Other assets" in the consolidated statement of financial position. Dialogue with Satabank's appointed receiver is ongoing and the Company continues to work towards the release of these funds.

On December 14, 2020, Devkey Consulting Limited ("Devkey"), a company controlled by the former CFO of Playgon, Paul Dever, initiated a civil claim against the Company in the Supreme Court of British Columbia (the "Court") for failure to pay monthly fees and invoiced expenses from July 2018 to August 2020 and an unpaid severance amount upon termination of his consulting contract. The claim was for EUR €231,569 (CAD - $373,878) and on December 16, 2020, the Court ordered the full amount claimed be garnished from the Company and paid into court until a judgement on the claim is reached. The Company has retained legal counsel regarding this matter and strongly believes the garnishment order will be lifted. As at December 31, 2023, the Company has recorded the full amount of the garnishment as "Other Assets" on the consolidated statement of financial position.

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Computers	Computer Software	Furniture and Equipment	Other Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$
Cost:						
At December 31, 2021	**119,954**	**4,494**	**315,505**	**321,691**	**924,421**	**1,686,065**
Additions	19,482	-	-	10,149	-	29,631
Net exchange differences	6,145	-	19,637	22,389	63,145	111,316
At December 31, 2022	**145,581**	**4,494**	**335,142**	**354,229**	**987,566**	**1,827,012**
Additions	1,916	-	-	124,341	-	126,257
Net exchange differences	(2,353)	-	(7,211)	(10,813)	(23,187)	(43,564)
At December 31, 2023	**145,144**	**4,494**	**327,931**	**467,757**	**964,379**	**1,909,705**
Amortization:						
At December 31, 2021	**43,391**	**1,457**	**111,428**	**79,083**	**390,139**	**625,498**
Additions	47,593	607	41,792	50,421	343,352	483,765
Net exchange differences	3,330	-	8,500	7,467	40,715	60,012
At December 31, 2022	**94,314**	**2,064**	**161,720**	**136,971**	**774,206**	**1,169,275**
Additions	28,422	487	34,572	52,167	192,237	307,885
Net exchange differences	(1,909)	-	(4,115)	(4,263)	(22,038)	(32,325)
At December 31, 2023	**120,827**	**2,551**	**192,177**	**184,875**	**944,405**	**1,444,835**
Net book value:						
At December 31, 2022	**51,267**	**2,430**	**173,422**	**217,258**	**213,360**	**657,737**
At December 31, 2023	**24,317**	**1,943**	**135,754**	**282,882**	**19,974**	**464,870**

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS

	Gaming Platform
	$
Cost:	
At December 31, 2021	**12,278,261**
Internally developed additions	-
At December 31, 2022 and December 31, 2023	**12,278,261**
Amortization:	
At December 31, 2021	**3,780,739**
Amortization for the year	2,455,652
At December 31, 2022	**6,236,391**
Amortization for the year	2,455,652
At December 31, 2023	**8,692,043**
Net book value:	
At December 31, 2022	**6,041,870**
At December 31, 2023	**3,586,218**

Gaming Platform

Upon completion of the Playgon Interactive Inc. acquisition, the Company allocated $11,671,258 of acquisition costs to intangible assets related to Playgon Interactive's Gaming Platform. Of the $11,671,258 of intangible assets acquired, $399,923 was recorded as an asset by Playgon Interactive at the time of acquisition. The Gaming Platform is being amortized using the straight-line method over 5 years. As at December 31, 2023 the remaining amortization period is 1.5 years. The multi-tenant B2B gateway allows operators the ability to offer their customers innovative iGaming software solutions including Live Dealer Casino and E-table games.

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use asset

	Office Lease
	$
Cost:	
At December 31, 2021	**714,078**
Derecognition	(283,607)
Net exchange difference	29,404
At December 31, 2022	**459,875**
Additions	268,371
Net exchange difference	(16,186)
At December 31, 2023	**712,060**
Depreciation:	
At December 31, 2021	**140,408**
Additions	400,312
Derecognition	(283,607)
Net exchange differences	11,515
At December 31, 2022	**268,628**
Additions	235,312
Net exchange differences	(11,032)
At December 31, 2023	**492,908**
Net book value:	
At December 31, 2022	**191,247**
At December 31, 2023	**219,152**

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

Lease liability

On June 1, 2021, the Company entered into an office lease agreement with a 19-month term and monthly payments of $15,805. The office lease ended on December 31, 2022.

On November 1, 2021, the Company entered into a new office lease agreement with a 24-month term and monthly payments of US$14,917. On November 1, 2023, the office lease agreement was extended for a 12-month term with monthly payments of US$17,481.

(Expressed in Canadian Dollars)

At the date of recognition, the lease liabilities were measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 7% and 8%, respectively. The continuity of the lease liabilities is presented in the table below:

	December 31, 2023	December 31, 2022
	$	$
Balance, beginning of period	203,348	579,430
Additions	268,371	-
Lease payments	(256,389)	(424,078)
Interest expense	10,853	29,554
Net exchange difference	(5,233)	18,442
	220,950	203,348
Less: current portion of lease liability	220,950	203,348
Non-current portion of lease liability	**-**	**-**

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

January 1, 2024 to October 31, 2024	$231,204

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
	$	$
Accounts payable	3,525,978	3,016,399
Accrued liabilities	387,290	249,075
Payroll taxes payable	132,852	124,445
Accrued interest payable (Note 8,9)	788,050	279,367
	4,834,170	**3,669,286**

8. LOANS PAYABLE

	Promissory Notes	Loans Payable	CEBA	Total
	$	$	$	$
Balance, December 31, 2021	**200,000**	**499,231**	**60,000**	**759,231**
Additions	5,023,000	-	-	5,023,000
Foreign exchange adjustment	-	24,971	-	24,971
Balance, December 31, 2022	**5,223,000**	**524,202**	**60,000**	**5,807,202**
Additions	5,966,000	-	-	5,966,000
Repayment - shares	(1,923,000)	-	-	(1,923,000)
Repayment - cash	(8,096,000)			(8,096,000)
Foreign exchange adjustment	-	(9,169)	-	(9,169)
Balance, December 31, 2023	**1,170,000**	**515,033**	**60,000**	**1,745,033**

(Expressed in Canadian Dollars)

Interest Payable

	Promissory Notes	Loans Payable	Total
	$	$	$
Balance, December 31, 2021	**54,579**	**38,297**	**92,876**
Additions	158,365	25,455	183,820
Foreign exchange adjustment	-	2,671	2,671
Balance, December 31, 2022	**212,944**	**66,423**	**279,367**
Additions	335,494	26,140	361,634
Repayment - shares	(132,212)	-	(132,212)
Repayment - cash	(258,575)	-	(258,575)
Foreign exchange adjustment	-	(1,552)	(1,552)
Balance, December 31, 2023	**157,651**	**91,011**	**248,662**

Promissory Notes
During the year ended December 31, 2022, the Company received $5,023,000 in promissory notes which are due on demand and accrue interest at 8% per annum. Of the $5,023,000 in promissory notes received, $3,708,000 were from related parties.

During the year ended December 31, 2023, the Company received $5,966,000 in promissory notes which are due on demand and accrue interest at 8% and 10$ per annum. Of the $5,966,000 in promissory notes received, $4,746,000 were from related parties.

During the year ended December 31, 2023, the Company repaid $1,932,000 of the promissory notes through the issuance of shares and repaid $8,096,000 of the promissory notes in cash.

As at December 31, 2023, the Company owes $1,170,000 (December 31, 2022 - $5,223,000) in short-term promissory notes. The promissory notes are unsecured and as at December 31, 2023, the amount outstanding is due on demand and incurs interest of 8% to 12% per annum. During the year ended December 31, 2023, the Company recorded interest expense of $335,494 (2022 - $158,364) on the promissory notes. As at December 31, 2023, interest of $157,651 (December 31, 2022 - $212,944) remains outstanding and is included in accounts payable and accrued liabilities.

Loans Payable
As at December 31, 2023, the Company has $133,660 and US$288,351 (CAD $381,373) owing to various third-party lenders. The loans are unsecured and bear interest at 5% per annum. The loans became due on demand upon the Company completing a financing greater than $5,000,000. Playgon Interactive is the obligor under the loans and as of today they remain owing and unpaid. During the year ended December 31, 2023, the Company recorded interest expense of $26,140 (2022 - $25,455) on the loans payable. As at December 31, 2023, interest of $91,011 (December 31, 2022 - $66,423) remains outstanding and is included in accounts payable and accrued liabilities.

Subsequent to December 31, 2023, a third-party lender initiated a claim against Playgon Interactive for USD$25,974 (CAD $34,353) and $133,660 of principal outstanding and USD $5,404 (CAD $7,147) and $27,811 of interest outstanding at the date of the claim. The Company is consulting with its legal counsel and determining next steps.

(Expressed in Canadian Dollars)

Canada Emergency Business Account

As at December 31, 2023, the Company owes the Government of Canada $60,000 (December 31, 2022 - $60,000) in relation to two loans received under the Canada Emergency Business Account ("CEBA") program. The CEBA loans are interest free and matured on December 31, 2023.

9. CONVERTIBLE DEBENTURES

	Principal	Interest	Total
			$
Balance, December 31, 2021 and 2022	**-**	**-**	**-**
Additions	13,908,773	-	13,908,773
Transaction costs	(424,899)	-	(424,899)
Accretion expense	553,928	-	553,928
Interest expense	-	763,258	763,258
Interest payment	-	(223,870)	(223,870)
Balance, December 31, 2023	**14,037,802**	**539,388**	**14,577,190**

On January 19, 2023, and March 24, 2023, the Company raised gross proceeds of $2,095,000 through the issuance of 2,095 convertible note units at a price of $1,000 per unit. Each unit consists of $1,000 in principal amount of an unsecured convertible note of the Company. The convertible note units will mature on January 19, 2025, and March 24, 2025, respectively, and bear interest at a simple rate of 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal amount of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of $0.10 per share at any time prior to the maturity date. The accrued interest is payable in cash or, at the option of the Company, may also be converted into common shares at a conversion price equal to the 25-day volume weighted average price ("VWAP") of the Company's common shares on the TSXV immediately preceding the date the interest is due. As at December 31, 2022, $920,000 of the gross proceeds was included in convertible debenture subscriptions received.

In connection with the offering, the Company paid cash finders' fees of $30,000 and incurred $22,599 in other transaction costs.

The fair value of the liability component of the convertible notes on inception was estimated at $1,847,252 based on an estimated 18% market discount rate less $46,375, the pro-rata portion of the $52,599 transaction costs. The remaining value of $247,748 and $6,224 of transaction costs was allocated to the equity component.

On May 3, 2023, the Company raised gross proceeds of $2,550,000 through the issuance of unsecured convertible debentures through a brokered private placement. The debentures will mature on May 3, 2025, and bear interest at 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of $0.10 per share at any time prior to the maturity date., subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company paid cash finders' fees of $153,000, incurred $103,305 in cash transaction costs and issued 1,530,000 agent warrants at a value of $76,888 with each agent warrant being exercisable for a 24-month period at an exercise price of $0.10.

The fair value of the liability component of the convertible debentures on inception was estimated at $2,248,938 based on an estimated 18% market discount rate less $293,855, the pro-rata portion of the $333,193 transaction costs. The remaining value of $301,061 and $39,338 of transaction costs was allocated to the equity component.

On May 3, 2023, the Company raised gross proceeds of $6,000,000 through the issuance of unsecured convertible debentures to a related party ("Anchor Financing"). The debentures will mature on May 3, 2025, and bear interest at 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of $0.10 per share at any time prior to the maturity date, subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company incurred $30,000 in cash transaction costs.

The fair value of the liability component of the convertible debentures on inception was estimated at $5,291,622 based on an estimated 18% market discount rate less $26,458, the pro-rata portion of the $30,000 transaction costs. The remaining value of $708,378 and $3,542 of transaction costs was allocated to the equity component.

On December 29, 2023, the Company raised gross proceeds of $4,971,000 through the issuance of unsecured convertible debentures through a non-brokered private placement. The debentures will mature on December 29, 2024, and bear interest at 10% per annum. Interest is payable quarterly on March 31, June 30, September 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of $0.05 per share at any time prior to the maturity date., subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company incurred $64,005 in cash transaction costs.

The fair value of the liability component of the convertible debentures on inception was estimated at $4,520,961 based on an estimated 21.75% market discount rate less $58,211, the pro-rata portion of the $64,005 transaction costs. The remaining value of $450,039 and $5,795 of transaction costs was allocated to the equity component.

During the year ended December 31, 2023, $553,928 (2022 - $nil) of accretion and $763,258 (2022 - $nil) of interest expense was recorded on the convertible debentures. Accretion expense is recorded in interest and bank charges on the consolidated statements of loss and comprehensive loss. During the year ended December 31, 2023, a deferred income tax recovery of $446,200 (2022 - $nil) was recorded against the equity component of the convertible debentures.

During the year ended December 31, 2023, the Company paid $223,870 (2022- $nil) of interest through the issuance of common shares. As at December 31, 2023, $539,388 (December 31, 2022 - $nil) of accrued interest is recorded in accounts payable and accrued liabilities.

10. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

Issued share capital

During the year ended December 31, 2023:

- the Company issued 3,198,148 common shares to settle $223,870 of interest owed on the convertible debentures.
- the Company issued 32,045,130 common shares to settle $1,923,000 of promissory notes, $132,212 of interest, and $187,947 of trade payables. The fair value of the common shares was $1,922,708 and the Company recognized a gain on debt settlement of $320,451.

During the year ended December 31, 2022, the Company did not issue any shares.

Share options

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 year ended December 31, 2023, the Company granted 550,000 share options to a consultant, and an employee of the Company with a total fair value of $29,271. Of the options granted, 141,667 vested immediately and 408,333 vest over the next three years.

During the year ended December 31, 2022, the Company granted 2,350,000 share options to various directors, consultants, and employees of the Company with a total fair value of $243,999. Of the options granted, 641,667 vested immediately and 1,708,333 vest over the next three years.

During the year ended December 31, 2023, the Company recorded share-based compensation of $172,316 (2022 - $614,450).

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.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the share options granted:

	December 31, 2023	**December 31, 2022**
Risk-free interest rate	4.24%	2.30%
Dividend yield	Nil	Nil
Expected life	4.36 years	4.36 years
Volatility	99.53%	86.85%
Weighted average fair value per options	0.05	0.10

(Expressed in Canadian Dollars)

Share option transactions are summarized as follows:

	Number of Share Options	Weighted Average Exercise Price
		$
Balance, December 31, 2021	**13,875,000**	0.32
Granted	2,350,000	0.18
Expired	(2,391,668)	0.41
Forfeited	(33,332)	0.31
Balance, December 31, 2022	**13,800,000**	0.28
Granted	550,000	0.10
Expired	(200,000)	0.15
Forfeited	(800,000)	0.19
Balance, December 31, 2023	**13,350,000**	0.28
Unvested	**(1,775,000)**	0.28
Exercisable, December 31, 2023	**11,575,000**	0.28

A summary of the share options outstanding and exercisable at December 31, 2023 is as follows:

Number of Share Options Outstanding	Number of Share Options Exercisable	Exercise Price	Expiry Date
		$	
8,450,000	8,450,000	0.28	June 30, 2025
100,000	100,000	0.39	August 12, 2025
500,000	500,000	0.37	September 15, 2025
500,000	333,334	0.37	January 1, 2026
1,000,000	333,334	0.37	January 1, 2027
100,000	100,000	0.40	December 1, 2025
50,000	33,333	0.47	February 10, 2026
50,000	33,333	0.58	March 1, 2026
100,000	66,666	0.38	June 30, 2026
100,000	66,666	0.28	August 25, 2026
100,000	66,667	0.30	September 1, 2026
50,000	16,666	0.32	January 6, 2027
1,550,000	1,033,334	0.21	February 24, 2027
50,000	16,667	0.07	May 2, 2027
100,000	33,333	0.07	May 9, 2027
500,000	375,000	0.10	February 27, 2028
50,000	16,667	0.06	August 10, 2028
13,350,000	**11,575,000**		

The weighted average life of share options outstanding at December 31, 2023 was 2.00 years.

(Expressed in Canadian Dollars)

Warrants

During the year ended December 31, 2023, the Company issued the following warrants:

- In connection with the May 3, 2023 private placement, 1,530,000 agent warrants with an exercise price of $0.10 per warrant were issued as finders' fees with a total value of $76,888. The fair value of the agent warrants was estimated using the Black-Scholes option pricing model with the following assumptions: stock price - $0.08; risk-free interest rate – 3.56%; dividend yield – Nil; expected life – 2.0 years; and expected volatility – 133.50%.

During the year ended December 31, 2022, the Company did not issue any warrants.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2021 and December 31, 2022	**17,924,174**	0.50
Issued	1,530,000	0.10
Expired	(17,924,174)	0.50
Balance, December 31, 2023	**1,530,000**	0.10

A summary of the warrants outstanding at December 31, 2023 is as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
	$	
1,530,000	0.10	May 3, 2025
1,530,000		

The weighted average life of warrants outstanding at December 31, 2023 was 1.34 years.

11. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and certain of the members of the Board of Director. Additionally, individuals who have significant influence to the Company are also considered related parties. 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.

Amounts receivable at December 31, 2023 includes $7,482 (December 31, 2022 - $7,482) receivable from a company related by way of common directors.

Accounts payable and accrued liabilities at December 31, 2023 includes $1,485,696 (December 31, 2022 - $916,985) owing to directors, officers, or to companies significantly controlled by common directors for unpaid fees and expense reimbursements.

(Expressed in Canadian Dollars)

During the year ended December 31, 2023, the Company received $4,746,000 (2022 - $3,708,000) in promissory notes from related parties. During the year ended December 31, 2023, the Company repaid $8,454,000 in loans from related parties. During the year ended December 31, 2023, $203,669 (2022 - $93,280) in interest expense was recorded on promissory notes due to related parties.

As at December 31, 2023, $nil (December 31, 2022 – $3,708,000) in loans payable was due to related parties. As at December 31, 2023, the Company owed interest of $nil (December 31, 2022 - $93,280) on promissory notes due to related parties, included in accounts payable and accrued liabilities.

On May 3, 2023, the Company raised gross proceeds of $6,000,000 through the issuance of unsecured convertible debentures to a related party (Note 9). On December 29, 2023, the Company raised gross proceeds of $4,746,000 through the issuance of unsecured convertible debentures to related parties (Note 9).

During the year ended December 31, 2023, $238,357 (2022 - $nil) of accretion and $400,768 (2022 - $nil) of interest expense was recorded on the convertible debentures due to related parties.

As at December 31, 2023, the principal amount of $10,746,000 of convertible debentures (December 31, 2022 – $nil) is due to related parties. As at December 31, 2023, the Company owed interest of $305,228 (December 31, 2022 - $nil) on convertible debentures due to related parties, included in accounts payable and accrued liabilities.

Summary of key management personnel compensation:

	For the year ended December 31,	
	2023	**2022**
	$	**$**
Management and directors' fees	801,534	784,318
Salaries and benefits	380,000	380,000
Professional fees	150,000	135,000
Share-based compensation	122,440	437,852
	1,453,974	**1,737,170**

(Expressed in Canadian Dollars)

12. CURRENT AND DEFERRED INCOME TAX

The significant deferred income tax assets and liabilities recognized as at December 31, 2023 and 2022 are as follows:

	2023 $	2022 $
Deferred income tax assets		
Non-capital losses	426,100	-
Lease liabilities	46,000	-
Total deferred income tax assets	472,100	-
Deferred income tax liabilities		
Convertible debenture	(426,100)	-
Right-of-use assets	(46,000)	-
Total deferred income tax liabilities	(472,100)	-
Net deferred income tax asset	-	-

The reconciliation of the combined statutory income tax rates to the effective tax rate for fiscal 2023 and 2022 is as follows:

	2023 $	2022 $
Combined statutory tax rates	27.0%	27.0%
Expected income tax expense (recovery)	(4,538,700)	(4,542,300)
Foreign income tax rate differences	282,400	464,000
Non-deductible expenditures	941,500	167,700
Other	(3,900)	(18,600)
Effect of foreign exchange	(200,700)	-
True-up of prior year provision to statutory tax returns	4,268,800	-
Impact of convertible debenture	575,700	-
Unrecognized benefit of income tax losses	(1,771,300)	3,929,200
Total income tax expense (recovery)	(446,200)	-
Consisting of:		
Current income tax expense (recovery)	-	-
Deferred income tax expense (recovery)	(446,200)	-
Income tax expense (recovery) reported in of profit or loss	(446,200)	-
Deferred tax related to items recognized in equity during the year:		
Equity component of convertible debenture, net of issue costs	446,200	-
Deferred tax charged to equity	446,200	-

The Company has non-capital loss that arose in Canada of $35,432,663 (2022 - $16,602,300) that are available from 2025 to 2043 for offsetting against future taxable profits of the companies in which the losses arose. The Company has non-capital loss that arose in Malta of $8,835,692 (2022 - $11,769,786) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

(Expressed in Canadian Dollars)

The Company has non-capital loss that arose in United States of America of $16,214,152 (2022 - $14,034,581) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Company also has deductible temporary differences of $2,725,411 (2022 - $2,460,000) for which no deferred tax asset was recognized.

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 tax losses and deductible temporary differences.

13. 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 cost; 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, 2023	December 31, 2022
		$	$
Cash	Amortized cost	208,448	206,781
Amounts receivable	Amortized cost	327,017	260,115
Other assets	Amortized cost	441,227	440,454
Accounts payable and accrued liabilities	Amortized cost	(4,834,170)	(3,669,286)
Loans payable	Amortized cost	(1,745,033)	(5,807,202)
Purchase obligation payable	Amortized cost	(35,121)	(34,718)
Lease liability	Amortized cost	(220,950)	(203,348)
Convertible debenture subscriptions received	Amortized cost	-	(920,000)
Convertible debentures	Amortized cost	(14,037,802)	-

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.

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, loans payable, lease liability and purchase obligation payable approximate their fair value due to their short-term nature. The Company's fair value of cash and other assets under the fair value hierarchy is measured using Level 1 inputs. The Company's lease liability is measured as the present value of the discounted future cash flows.

Risk exposure

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

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada, the United States, Cyprus and Malta. As at December 31, 2023, the Company had assets totaling US$15,853 and liabilities totalling US$833,967. Additionally, the Company had assets totalling EUR$265,684 and liabilities totaling EUR$502,724. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 10% change in the exchange rate with the USD would change other comprehensive income/loss by approximately CAD$108,000 while a 10% change in the exchange rate with the Euro would change other comprehensive income/loss by approximately CAD$35,000. At this time, the Company currently does not have plans to enter into foreign-currency future contracts to mitigate this risk, however it may do so in the future.

b) 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.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at December 31, 2023, the Company had a cash balance of $208,448 to settle current liabilities of $11,300,801.

d) 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.

e) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The loans included in loans payable and convertible debentures bear interest at rates ranging from 0% to 12% per annum with maturity dates occurring within the next twelve months. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

f) Regulatory risk

The Company is exposed to risk due to the regulatory uncertainty of the online gaming industry. 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.

(Expressed in Canadian Dollars)

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.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the year ended December 31, 2023	2022
	$	$
Supplemental cash-flow disclosure		
Interest paid	625,509	29,554
Taxes paid	-	-
Supplemental non-cash disclosures		
Shares issued for debt	1,922,708	-
Shares issued for convertible debenture interest	223,870	-
Warrants issued for share issue costs	76,888	-

15. REVENUE

During the year ended December 31, 2023, the Company generated $1,470,224 (2022 - $957,745) in licensing and use revenue from its Live Dealer Product. Revenue for the year ended December 31, 2023, was generated through the Company's Cyprus and Malta subsidiaries.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2023:

- The Company issued 10,645,000 common shares to settle interest payable of $532,250 pursuant to the convertible debentures.
- The Company received $4,487,306 in loans payable from a related party. The loans are due on demand and accrue interest at 10% per annum, compounded monthly.
- The Company issued 4,234,553 common shares to settle interest payable of $127,037 pursuant to the convertible debentures.