

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: Alpha Metaverse Technologies Inc. (formerly Alpha Esports Tech Inc.  
(the “Issuer”)

Trading Symbol: ALPA

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**Unaudited condensed consolidated interim financial statements for the six months ended December 31, 2021, as filed with the securities regulatory authorities are attached to this Form 5 as Appendix “A”.**

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

## 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended December 31, 2021. Please refer to Note 8 to the unaudited condensed consolidated interim financial statements for the six months ended December 31, 2021, attached hereto as Appendix "A". For information supplementary to that contained in the notes to the unaudited condensed consolidated interim financial statements with respect to related party transactions, please refer to the Management's Discussion and Analysis ("MD&A") for the six months ended December 31, 2021, as filed with the securities regulatory authorities and attached to this Form 5 as Appendix "B".**

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

**All securities issued and options granted, if any, by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended December 31, 2021.**

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Oct 7, 2021	Restricted Share Rights	Restricted Share Rights	857,143	N/A	N/A	N/A	Unrelated	N/A
Oct 7, 2021	Common shares	Conversion of Restricted Share Rights	478,571	N/A	N/A	N/A	Unrelated	N/A
Nov 1, 2021	Units <sup>(1)</sup>	Private Placement <sup>(2)</sup>	720,000	\$0.25	\$180,000	Cash	Unrelated	N/A
Nov 2, 2021	Common shares	Shares For Debt	48,000	\$0.35	N/A	N/A	Unrelated	N/A

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Nov 19, 2021	Common shares	Conversion of Restricted Share Rights	40,000	N/A	N/A	N/A	Unrelated	N/A
Nov 29, 2021	Common shares	Conversion of Restricted Share Rights	189,285	N/A	N/A	N/A	Unrelated	N/A
Nov 30, 2021	Common shares	Conversion of Restricted Share Rights	250,000	N/A	N/A	N/A	Unrelated	N/A

- (1) Each Unit will be comprised of one common share at a price of CDN \$0.25 and one-half common share purchase warrant. Each whole warrant exercisable for one common share at a price of \$0.35 for a period of 24 months.
- (2) This Private Placement has subsequently been cancelled and the securities issued November 2, 2021 are currently being returned to treasury.

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Oct 7, 2021	300,000	Unrelated Consultants	Consultants	\$0.34	Oct 7, 2024	\$0.35

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Description	Number Authorized	Par Value
Common Shares	Unlimited	NPV

- (b) number and recorded value for shares issued and outstanding,

Description	Number Issued and Outstanding	Value
Common Shares	62,327,354	\$11,227,128

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Description	Number Outstanding	Exercise Price	Expiry Date
Stock Options	750,000	\$0.35	November 22, 2023
Stock Options	2,300,000	\$0.35	December 1, 2023
Stock Options	2,135,000	\$0.50	May 11, 2024
Stock Options	300,000	\$0.92	May 14, 2024
Stock Options	300,000	\$0.34	Oct 7, 2024
<b>TOTAL:</b>	<b>5,785,000</b>		

Description	Number Outstanding	Exercise Price	Expiry Date
Restricted Share Units	350,000	N/A	N/A
Restricted Share Units	410,000	N/A	N/A
Restricted Share Units	450,000	N/A	N/A
Restricted Share Units	765,000	N/A	N/A
Restricted Share Units	189,287	N/A	N/A
<b>TOTAL:</b>	<b>2,164,287</b>		

Description	Number Outstanding	Exercise Price	Expiry Date
Warrants	880,000	\$1.00	May 20, 2022
Warrants	8,408,090	\$0.50	December 22, 2022
Broker Warrants	389,000	\$0.50	December 22, 2022
<b>TOTAL:</b>	<b>9,677,090</b>		

Description	Number Outstanding	Exercise Price	Expiry Date
Performance Warrants	7,000,000	\$0.05	September 1, 2023
<b>TOTAL:</b>	<b>7,000,000</b>		

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Description	Number	Number Released During the Period
Escrowed Shares	9,636,586	2,919,813

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position
Brian Wilneff	Chief Executive Officer
Eli Dusenbury	Chief Financial Officer
Matthew Schmidt	Director
Timothy Laidler	Director
Mike Aujla	Director
Jonathan Anastas	Chairman, Director

#### **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

**Management's Discussion and Analysis ("MD&A") for the six months ended December 31, 2021, attached to this Form 5 as Appendix "B".**

*[The remainder of this page is intentionally left blank. Signature page follows.]*

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: March 4, 2022

Eli Dusenbury

Name of Director or Senior Officer

/s/ Eli Dusenbury

Signature

Chief Financial Officer

Official Capacity

<i>Issuer Details</i>	For Quarter End	Date of Report
Name of Issuer		YYYY / MM / DD
Alpha Metaverse Technologies Inc.	December 31, 2021	2022 / 03 / 04
Issuer Address	Issuer Fax No.	Issuer Telephone No.
Suite 1930, 1177 West Hastings Street		
Vancouver, British Columbia, V6E 4T5	N/A	604-359-1256
Contact Name	Contact Position	Contact Telephone No.
Eli Dusenbury	Chief Financial Officer	604-359-1256
Contact Email Address	Web Site Address	
<a href="mailto:info@alphametaverse.com">info@alphametaverse.com</a>	<a href="https://www.alphametaverse.com">https://www.alphametaverse.com</a>	



**ALPHA METAVERSE TECHNOLOGIES INC.**  
*(formerly Alpha Esports Tech Inc.)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED  
DECEMBER 31, 2021 and 2020**

**(Unaudited)**

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**Alpha Metaverse Technologies Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**  
In Canadian Dollars, unless noted (unaudited)

As at	Notes	December 31, 2021	June 30, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 245,745	\$ 1,716,642
GST receivable		129,873	64,011
Prepaid expenses	7	953,358	1,538,473
		1,328,976	3,319,126
<b>Non-current Assets</b>			
Equipment		1,292	1,978
Intangible assets	5	1,938,994	1,806,984
Goodwill	6	402,561	402,561
		2,342,847	2,211,523
<b>TOTAL ASSETS</b>		<b>3,671,823</b>	<b>5,530,649</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	8	1,164,323	940,673
<b>TOTAL LIABILITIES</b>		<b>1,164,323</b>	<b>940,673</b>
<b>EQUITY</b>			
Share capital	4	11,277,128	10,615,685
Share subscriptions	4	245,000	-
Reserves	4	3,470,687	1,935,684
Accumulated other comprehensive income		(31,974)	(41,651)
Deficit		(12,453,341)	(7,919,742)
<b>TOTAL EQUITY</b>		<b>2,507,500</b>	<b>4,589,976</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 3,671,823</b>	<b>\$ 5,530,649</b>

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

*Nature of operations (Note 1), Going concern (Note 2), Commitments (Note 11) and Subsequent events (Notes 4 & 12)*

Approved on behalf of the Board of Directors:

"Brian Wilneff", Director

"Timothy Laidler", Director



# Alpha Metaverse Technologies Inc.

## Condensed Consolidated Interim Statements of Comprehensive Loss

In Canadian Dollars, unless noted (unaudited)

For the Three and Six Months Ended December 31,	Three Months Ended		Six Months Ended	
	2021	2020	2021	2020
<b>REVENUES</b>	\$ 52,434	\$ 3,469	\$ 56,079	\$ 3,469
Cost of Sales	(25,917)	-	(25,917)	-
<b>GROSS MARGIN</b>	26,517	3,469	30,162	3,469
<b>EXPENSES</b>				
Advertising and marketing	707,573	95,032	1,230,741	196,086
Consulting	238,492	277,806	580,722	444,905
Depreciation (Note 5)	180,918	155,574	345,504	155,706
Management fees (Note 8)	104,188	63,125	167,384	184,575
Office and miscellaneous	35,367	106,458	80,817	124,718
Professional fees	44,032	76,780	57,970	109,441
Service fees	46,499	-	46,499	-
Rent	15,000	15,000	30,000	35,000
Share-based payments (Notes 4, 8)	906,105	608,035	1,914,646	608,035
Tournament prizes	35,458	7,641	57,676	10,468
Transfer agent and filing fees	19,423	145	35,316	145
Travel	3,664	-	5,615	-
<b>OPERATING EXPENSES</b>	<b>(2,336,719)</b>	<b>(1,405,596)</b>	<b>(4,552,890)</b>	<b>(1,869,079)</b>
<b>TOTAL OPERATING LOSS</b>	<b>(2,310,202)</b>	<b>(1,402,127)</b>	<b>(4,522,728)</b>	<b>(1,865,610)</b>
Foreign exchange loss	(6,966)	(1,188)	(10,871)	(4,656)
Interest income	-	-	-	417
	(6,966)	(1,188)	(10,871)	(4,239)
<b>NET LOSS</b>	<b>(2,317,168)</b>	<b>(1,403,315)</b>	<b>(4,533,599)</b>	<b>(1,869,849)</b>
Cumulative translation adjustment	328	(14,128)	9,677	(20,942)
<b>COMPREHENSIVE LOSS</b>	<b>\$ (2,316,840)</b>	<b>\$ (1,417,443)</b>	<b>\$ (4,523,922)</b>	<b>\$ (1,890,791)</b>
Loss per share, basic and diluted	\$ (0.04)	\$ (0.01)	\$ (0.07)	\$ (0.02)
Weighted average number of common shares outstanding – Basic and diluted	61,712,342	39,947,890	61,036,327	38,344,110

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

# Alpha Metaverse Technologies Inc.

## Condensed Consolidated Interim Statements of Changes in Equity

In Canadian Dollars, unless noted (unaudited)

	Common Shares (#)	Share Capital \$	Share Subscriptions \$	Reserves \$	Accumulated OCI \$	Deficit \$	Total Equity \$
<b>Balance, June 30, 2020</b>	<b>37,990,330</b>	<b>2,986,893</b>	<b>250</b>	<b>8,100</b>	<b>(7,383)</b>	<b>(2,580,200)</b>	<b>407,660</b>
Shares cancelled and returned to treasury	(1,250,000)	-	-	-	-	-	-
Shares issued pursuant to advisory services rendered	1,250,000	437,500	-	-	-	-	437,500
Shares issued pursuant to acquisition	5,300,000	1,388,023	-	-	-	-	1,388,023
Shares issued pursuant to private placement, net	16,816,168	5,749,509	-	-	-	-	5,749,509
Share subscription receivable	-	-	(250,000)	-	-	-	(250,000)
Finders' warrants	-	(59,296)	-	59,296	-	-	-
Share-based payment pursuant to options granted	-	-	-	585,642	-	-	585,642
Share-based payment pursuant to Restricted Share Rights ("RSRs") granted	-	-	-	22,393	-	-	22,393
Subscriptions returned	-	-	(250)	-	-	-	(250)
Cumulative translation adjustment	-	-	-	-	(20,942)	-	(20,942)
Loss for the period	-	-	-	-	-	(1,869,849)	(1,869,849)
<b>Balance, December 31, 2020</b>	<b>60,106,498</b>	<b>10,502,629</b>	<b>(250,000)</b>	<b>675,431</b>	<b>(28,325)</b>	<b>(4,450,049)</b>	<b>6,449,686</b>
<b>Balance, June 30, 2021</b>	<b>60,306,498</b>	<b>10,615,685</b>	<b>-</b>	<b>1,935,684</b>	<b>(41,651)</b>	<b>(7,919,742)</b>	<b>4,589,976</b>
Shares issued pursuant to options RSRs	1,252,856	379,643	-	(379,643)	-	-	-
Shares issued pursuant to private placement, net	720,000	265,000	-	-	-	-	265,000
Shares issued pursuant to consulting services rendered	48,000	16,800	-	-	-	-	16,800
Share-based payment pursuant to options granted	-	-	-	128,766	-	-	128,766
Share-based payment pursuant to RSRs granted	-	-	-	1,785,880	-	-	1,785,880
Share subscriptions received in advance	-	-	245,000	-	-	-	245,000
Cumulative translation adjustment	-	-	-	-	9,677	-	9,677
Loss for the period	-	-	-	-	-	(4,533,599)	(4,533,599)
<b>Balance, December 31, 2021</b>	<b>62,327,354</b>	<b>11,277,128</b>	<b>245,000</b>	<b>3,470,687</b>	<b>(31,974)</b>	<b>(12,453,341)</b>	<b>2,507,500</b>

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

**Alpha Metaverse Technologies Inc.**  
**Condensed Consolidated Interim Statements of Cash Flow**  
In Canadian Dollars, unless noted (unaudited)

<b>For the Three and Six Months Ended December 31,</b>	<b>Six Months Ended 2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>	\$	\$
<b>Net loss for the period</b>	(4,533,599)	(1,869,849)
Items not affecting cash		
Depreciation	345,504	155,706
Foreign exchange	(1,730)	11,904
Interest income	-	(417)
Share-based payments	1,914,646	608,035
Shares issued for services	16,800	437,500
<b>Change in non-cash working capital items:</b>		
GST receivable	(65,862)	(38,487)
Prepaid expenses	620,991	(448,863)
Accounts payable and accrued liabilities	223,650	2,623
<b>Cash used in operating activities</b>	<b>(1,479,600)</b>	<b>(1,141,848)</b>
<b>INVESTING ACTIVITIES</b>		
Gaming platform and rights	(133,548)	(108,233)
Heavy Chip acquisition	(367,749)	-
<b>Cash used in investing activities</b>	<b>(501,297)</b>	<b>(108,233)</b>
<b>FINANCING ACTIVITIES</b>		
Subscriptions received in advance	245,000	-
Proceeds from equity issuance	265,000	5,499,509
Loan payable	-	20,000
<b>Cash provided by financing activities</b>	<b>510,000</b>	<b>5,519,509</b>
Net change in cash	(1,470,897)	4,269,428
Cash, beginning of period	1,716,642	8,974
<b>Cash, end of period</b>	<b>245,745</b>	<b>4,278,402</b>

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

*No cash interest paid during the three and six months ended December 31, 2021 and 2020*

# **Alpha Metaverse Technologies Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

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### **1. NATURE OF OPERATIONS**

Alpha Metaverse Technologies Inc. (formerly Alpha Esports Tech Inc.) (the “Company”) was incorporated under the laws of British Columbia on March 1, 2019. The Company’s registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8. On May 14, 2021, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) under the symbol, “ALPA”.

These condensed consolidated interim financial statements were approved by the Board of Directors on February 25, 2022.

### **2. GOING CONCERN**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. On December 31, 2021, the Company had not yet achieved profitable operations and had a deficit of \$12,453,341 (June 30, 2021 - \$7,919,742) and a working capital surplus of \$164,653 (June 30, 2021 – \$2,378,453). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s consolidated financial statements and such adjustments could be material. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company’s ability to continue as a going concern.

The COVID-19 pandemic and the anticipated subsequent economic recovery continues to drive the global demand for crude oil and natural gas and related prices, which in turn has had a significant impact on the Company’s financial results. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

### **3. BASIS OF PRESENTATION**

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company’s functional and presentation currency.

These financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using the same accounting policies, judgements, estimates and assumptions as those set out in Notes 3 and 4 of the audited annual consolidated financial statements for the year ended June 30, 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements contain disclosures that are supplemental to the Company’s June 30, 2021 audited consolidated financial statements. Certain disclosures, which are normally required to be included in the notes to the audited annual consolidated financial statements, have been condensed or omitted. The financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended June 30, 2021.

# Alpha Metaverse Technologies Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

### 4. SHARE CAPITAL

#### 4.1 Authorized Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

#### 4.2 Shares Issued

Common shares issued and outstanding as December 31, 2021 are 62,327,354 (June 30, 2021 – 60,306,498).

During the year ended June 30, 2021, the Company split its shares on the basis of two common shares for each outstanding common share. All common shares, warrants, and options in these condensed consolidated interim financial statements are stated post-split.

During the six months ended December 31, 2021, the Company issued common shares as follows:

		Number of shares issued	RSRs exercised	Exercise price	Fair value reclassified to share capital	Proceeds/Value of services
September 2021	RSRs exercised	295,000	295,000	\$ Nil	\$ 83,600	\$ Nil
October 7, 2021	RSRs exercised	478,571	478,571	\$ Nil	\$ 167,500	\$ Nil
November 1, 2021	Share issuance	720,000	N/A	N/A	N/A	\$ 265,000
November 2, 2021	Share issuance	48,000	N/A	N/A	N/A	\$ 16,800
November 19, 2021	RSRs exercised	40,000	40,000	\$ Nil	\$ 12,400	\$ Nil
November 29, 2021	RSRs exercised	189,285	189,285	\$ Nil	\$ 54,893	\$ Nil
November 30, 2021	RSRs exercised	250,000	250,000	\$ Nil	\$ 61,250	\$ Nil

During the six-month period ended December 31, 2021, the Company received \$245,000 pursuant to future private placements. This amount has been recorded as share subscriptions on the statement of financial position. Subsequent to December 31, 2021, \$205,000 of this amount was returned to the investors and the associated private placement was cancelled.

#### 4.3 Share Purchase Warrants

A summary of the changes in the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2021	11,999,850	\$ 0.63
Cancelled	(2,322,760)	1.00
Balance, December 31, 2021	9,677,090	\$ 0.55

## Alpha Metaverse Technologies Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

As of December 31, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
880,000	\$1.00	May 20, 2022
8,408,090	\$0.50	December 22, 2022
389,000	\$0.50	December 22, 2022
<b>9,677,090</b>		

As of December 30, 2021, the weighted-average remaining life of the outstanding warrants was 0.92 years.

#### 4.4 Performance Warrants

On September 1, 2020, the Corporation issued an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. Each of the 7,000,000 performance warrant are exercisable to acquire one common share of the Company at a price of \$0.05 for a period of three years from the date of issuance, and will vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of \$2,500,000 or greater either in a single or in a series of separate transactions in respect of which the vending party is identified and introduced to the Company by the holder of such performance warrants. Management has applied vesting probability of 0% to the vesting of performance warrants and as a result no expense has been recorded to date.

At December 31, 2021, the weighted-average remaining life of the outstanding performance warrants was 1.67 years.

#### 4.5 Options

The Company's stock option plan states that the Company may issue up to 20% of the issued and outstanding common shares as incentive stock options, bonus shares, deferred share units, stock appreciation rights, performance share units and restricted share units to its employees, officers, directors and consultants. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issuance and outstanding common shares. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date of the grant but cannot be less than the discounted market price on the date of grant. Vesting terms are also determined by the Board of Directors.

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

	Options	Weighted Average Exercise Price
<b>Balance, June 30, 2021</b>	<b>5,485,000</b>	<b>\$ 0.44</b>
Granted	300,000	0.34
<b>Balance, December 31, 2021</b>	<b>5,785,000</b>	<b>\$ 0.43</b>

## Alpha Metaverse Technologies Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

The Company's stock options as at December 31, 2021 are as follows:

Expiry date	Options outstanding	Options exercisable	Exercise Price
December 1, 2023	2,300,000	2,300,000	\$ 0.35
November 22, 2023	750,000	437,500	0.35
May 11, 2024	2,135,000	1,425,000	0.50
May 14, 2024	300,000	300,000	0.92
October 7, 2024	300,000	133,333	0.34
	<b>5,785,000</b>	<b>4,595,833</b>	<b>\$ 0.43</b>

At December 31, 2021, the weighted-average remaining life of the outstanding options was 2.15 years.

During the six months ended December 31, 2021, the Company recognized \$128,766 in share-based payment expense in connection with the options granted.

The fair value of options granted during the six-month period ended December 31, 2021 was determined using the following weighted average Black-Scholes Option Pricing Model assumptions:

	December 31, 2021
Share price	\$ 0.34
Exercise price	\$ 0.34
Expected life	2 to 3 years
Volatility	100%
Risk-free interest rate	0.70%

#### 4.6 Restricted Share Rights

During the six months ended December 31, 2021, the Company granted the following RSRs subject to certain performance and time-based vesting conditions to directors, officers, and consultants:

	RSUs
<b>Balance, June 30, 2021</b>	<b>2,560,000</b>
Granted	857,143
Exercised	(1,252,856)
<b>Balance, December 31, 2021</b>	<b>2,164,287</b>

During the six months ended December 31, 2021, the Company recognized \$1,785,880 in share-based payment expense related to the granting and vesting of RSRs.

## Alpha Metaverse Technologies Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

#### 5. INTANGIBLE ASSETS

##### *Acquisition of Heavy Chips Casino and Sports Betting*

On October 12, 2021, the Company entered into a definitive asset acquisition agreement and software services agreement with Gamesoft Ltd. for Heavy Chips Casino and Sports Betting ("Heavy Chips"), an online gaming casino website, for a total purchase price of \$300,000. The assets include an online gaming site, its database of registered users and affiliates and all intellectual property associated with these assets.

The Company accounted for the acquisition as an asset purchase arrangement. The asset purchase price was as follows:

<b>Consideration:</b>			
Cash – asset acquisition		\$	300,000
Cash – reserve			35,876
Finders' fees			31,873
			<b>367,749</b>
<b>Allocated to:</b>			
Gaming platform			331,873
Prepays			35,876
		\$	<b>367,749</b>

At December 31, 2021, the Company's intangible assets are as follows:

Cost	Gaming platform	Gaming rights	Total
<b>Balance, June 30, 2021</b>	<b>\$ 892,257</b>	<b>\$ 1,388,023</b>	<b>\$ 2,280,280</b>
Additions	121,548	12,000	133,548
Acquisition of Heavy Chips	331,873	-	331,873
Foreign currency translation	11,301	-	11,301
<b>Balance, December 31, 2021</b>	<b>1,356,979</b>	<b>1,400,023</b>	<b>2,757,002</b>
<b>Amortization</b>			
<b>Balance, June 30, 2021</b>	<b>\$ 126,289</b>	<b>\$ 347,007</b>	<b>\$ 473,296</b>
Additions	113,374	231,338	344,712
<b>Balance, December 31, 2021</b>	<b>239,663</b>	<b>578,345</b>	<b>818,008</b>
<b>Net book value, beginning of period</b>	<b>765,968</b>	<b>1,041,016</b>	<b>1,806,984</b>
<b>Net book value, end of period</b>	<b>1,129,316</b>	<b>809,678</b>	<b>1,938,994</b>

#### 6. GOODWILL

Goodwill arose over the acquisition of an esports company in April 2020 due to the benefit of expected revenue growth and future market developments. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.



## Alpha Metaverse Technologies Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

#### 7. PREPAID EXPENSES

As at	December 31, 2021	June 30, 2021
Shares / RSRs issued for services rendered	63,095	335,118
Prepaid marketing	854,387	1,196,995
Heavy Chips reserve	35,876	-
Sponsorships and other	-	6,360
<b>Total</b>	<b>\$ 953,358</b>	<b>\$ 1,538,473</b>

#### 8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personal during the periods ended December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Management fees	\$ 148,634	\$ 183,000
Share-based payments	349,331	306,650
<b>Total</b>	<b>\$ 497,965</b>	<b>\$ 489,650</b>

As at December 31, 2021, \$150,052 (June 30, 2021 – \$73,500) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

#### 9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

# **Alpha Metaverse Technologies Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

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### **10. RISK MANAGEMENT**

#### **10.1 Financial Risk Management**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

##### **a. Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

##### **b. Credit Risk**

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash is held in large Canadian financial institutions and its GST receivable is due from the Government of Canada.

##### **c. Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2021, the Company's working capital is \$164,653 (June 30, 2021 - \$2,378,453) and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had cash of \$245,745 (June 30, 2021 - \$1,716,642).

##### **d. Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

##### **e. Currency Risk**

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

# Alpha Metaverse Technologies Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Cash	USD\$ 14,215	19,950
Accounts payable and accrued liabilities	USD\$ (83,393)	(22,773)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of \$6,300 (June 30, 2021 – \$300).

### 10.2 Fair Values

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2** – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3** – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

## 11. COMMITMENTS

On December 13, 2019, the Company partnered with Vancouver Whitecaps FC to become the club's official online esports tournament platform. Whitecaps FC and the Company will host online and live tournaments to scout talent for eMLS.

As consideration for the rights granted to sponsor in this agreement, the Company agreed to make the following payments during the following fiscal years:

2022	\$	250,000
2023		<u>71,429</u>
	\$	<u><b>321,429</b></u>

As of December 31, 2021, the Company has not made the fiscal 2022 payment and is working towards a termination agreement with Vancouver Whitecaps FC.

# Alpha Metaverse Technologies Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

### 12. SUBSEQUENT EVENT

Subsequent to December 31, 2021, the Company issued common shares, pursuant to RSRs exercised, as follows:

Description		Number of shares issued	RSRs exercised	Exercise price	Fair value reclassified to share capital	Proceeds/Value of services
February, 2022	RSRs exercised	189,287	189,287	\$ Nil	\$ 79,500	\$ Nil

SCHEDULE "B"



**ALPHA METaverse TECHNOLOGIES INC.**  
*(formerly Alpha Esports Tech Inc.)*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED  
DECEMBER 31, 2021 and 2020**

This Management's Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the three and six months ended December 31, 2021 and 2020 of Alpha Metaverse Technologies Inc. (formerly Alpha Esports Tech Inc.) (the "Company"). Such condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian Dollars, the reporting and functional currency of the Company, unless otherwise indicated.

The board of directors of the Company has approved this MD&A on **February 25, 2022**.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company's operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the *Risk Factors* section of this MD&A. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

## **DESCRIPTION OF BUSINESS**

Alpha Metaverse Technologies Inc. was incorporated under the laws of British Columbia on March 1, 2019. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8. On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") under the symbol, "ALPA".

## **COVID-19**

The COVID-19 pandemic and the anticipated subsequent economic recovery continues to drive the global demand for crude oil and natural gas and related prices, which in turn has had a significant impact on the Company's financial results. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

## **OVERALL PERFORMANCE**

The Company has not generated significant revenues to date from operations as it is in the start up phase with a focus on user acquisition. The Company has begun recognizing revenues from its wholly-owned subsidiary and continues pursuing esports and technology related operating activities.

At December 31, 2021, net assets of the Company totalled \$2,507,500 and consist primarily of cash of \$245,745, GST receivable of \$129,873, prepaid expenses of \$953,358, intangible assets of \$1,938,994, and goodwill of \$402,561 net of total liabilities of \$1,164,323.

Cash decreased by \$1,470,897 as a result of the increase in operational activity from previous acquisitions, the acquisition of Heavy Chips Casino and Sports Betting and expenditures on Gaming Platform.

## HIGHLIGHTS

On July 8, 2021, the Company provided an update on the launch of its Gaming as a Service ("GaaS") software. GaaS allows organizations to easily increase their foothold within the esports space, as the Company creates, operates, and manages esports contests and tournaments on its online platform, GamerzArena for different organizations.

On July 20, 2021, the Company announced that it has entered into a binding Letter of Intent to acquire 100% of the issued and outstanding shares of eDoxa Inc., an esports company specializing in AI based game scoring which helps to level the playing field among gamers of different skill levels, equalizing the opportunity for gamers of any skill level to win prizes in tournaments.

On July 22, 2021, the Company announced it had renewed and expanded its partnership agreement with Oxygen Esports (OXG), a premier New England esports organization. Over the past year, OXG has utilized the Company's online esports platform, GamerzArena, to assist in player development and training for OXG's pro and amateur esports athletes.

On July 27, 2021, the Company announced the launch of GamerzYouth, a program focusing on gaming initiatives such as esports contests, education, and live events for amateur youth gamers.

On July 29, 2021, the Company announced it had expanded into the Brazilian esports market by signing a partnership with Mais Esports, ("Mais") the largest esports media company in Brazil and esports portal for gamers providing news about League of Legends, CS:GO, Fortnite, PUBG, Overwatch, R6 and other major Esports titles and tournaments.

On August 5, 2021, the Company announced the launch of its mobile gaming platform, GamerzArcade which offers users with an Alpha Account the opportunity to compete in daily, weekly, and monthly mobile gaming contests for prizes. For its initial partnership, the Company announced it had reached an agreement with MarketJS where the company will supply games and content for the platform.

On August 24, 2021, the Company announced it has further expanded into the Indian esports market by signing a partnership with Oblivion Esports, an esports organization that provides a competitive platform to all gamers. Under the terms of this partnership, GamerzArena will become the exclusive platform for all of Oblivion's online esports events, where the Company will host and operate a variety of gaming tournaments under the Oblivion brand.

On August 21, 2021, the Company signed a partnership with Cash out Gaming, a competitive esports league and social engagement platform that connects gamers with accessible esports opportunities in a casual atmosphere. As part of this partnership, GamerzArena would become the exclusive platform for all of Cash out Gaming's online esports events, where the Company will host and operate a variety of gaming tournaments under the Cash Out Gaming brand.

On September 7, 2021, the Company announced it had signed a partnership with Apna Hockey, the world's first South Asian hockey network. GamerzArena will become the exclusive platform for all of Apna Hockey's online esports events, where the Company will host and operate a variety of gaming tournaments under the Apna Hockey Brand.

On September 8, 2021, the Company announced it is partnering with Intel India to host two major tournaments, Intel Gamer Days Valorant Pro Team Invitational and Intel Gamer Days Valorant Streamer Invitational (the "Tournaments"). The Tournaments will be held on September 7<sup>th</sup> until September 10<sup>th</sup>. Both tournaments will be hosted on the Company's gaming platform, GamerzArena.

On September 14, 2021, the Company announced that its online platform, GamerzArena, is now the official online gaming portal of Nets Gaming Crew ("NetsGC"), the NBA 2K League affiliate of the Brooklyn Nets. This partnership will provide Alpha the opportunity to directly connect with NetsGC's network of fans and the NBA 2K League community through brand awareness and engaging social, video and digital promotions showcasing the abilities of GamerzArena.

On September 27, 2021, the Company announced that its common shares are eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States. The Company's common shares are quoted in the United States on the OTC Venture Market under the symbol "APETF".

On October 4, 2021, the Company signed a partnership with Esports Entertainment Group's newly rebranded subsidiary EEG Labs (NASDAQ: GMBL). EEG Labs was previously known as Genji. The Company and EEG Labs will develop a new computer vision tech system that allows the Company's online platform, GamerzArena, to conduct automated scoring for popular games such as Call of Duty and Fortnite.

On October 8, 2021, the Company announced that it had entered into an agreement with Financial Star News Inc. for a marketing campaign in consideration of USD \$400,000.

On October 12, 2021, the Company announced the signing of a definitive agreement to acquire Heavy Chips Casino and Sports Betting from Gamesoft Ltd. Heavy Chips is a fully operational online gaming site with over 800 popular casino games and over 5,000 daily sports betting opportunities on sports including football, tennis, basketball, and more. Under the terms of the acquisition, the Company will purchase 100% of Heavy Chips for cash consideration of \$300,000.

On October 14, 2021, the Company announced that its online platform, GamerzArena, is the official online gaming partner of The Recreation and Park Commission for the Parish of East Baton Rouge

On October 20, 2021, the Company announced that current advisor to the Company, Adam Morrison, has been appointed to the position of President of the Company. Mr. Morrison offers more than a decade of leadership in esports, gaming and digital media, including a wealth of experience with public market companies.

On November 3, 2021, the Company announced the closing of Heavy Chips Casino and Sports Betting as previously announced on October 12, 2021. Currently, Heavy Chips has over 250,000 registered users on its website and has seen consistent user growth every month of 2021.

On November 12, 2021, the Company announced that it and the New Jersey Devils are continuing their previously announced partnership by running two separate NHL 22 tournaments on November 14<sup>th</sup>, 2021. Using Alpha's gaming platform, GamerzArena, The Devils and Alpha will run a PlayStation 5 tournament and an Xbox Series X/S tournament. The tournament will allow users from New Jersey, New York, Pennsylvania, and Connecticut to compete on GamerzArena.

On November 15, 2021, the Company announced Paradise City Gaming has begun the development of its Metaverse technologies, which are AR based experiences that will bring the virtual world together with the physical world.

On November 18, 2021, the Company announced it has signed an exclusive partnership with the North American Rugby League ("NARL"). NARL is scheduled to be the only professional rugby league club competition in North America. The league has announced fourteen teams, twelve from United States and two from Canada

On December 31, 2021, the Company announced a change in the executive management team. The Chief Operating Officer of the Company, Mr. Brian Wilneff, has been appointed to the position of Chief Executive Officer of the Company. Mr. Wilneff is the founder and creator of GamerzArena.

On January 11, 2022, the Company announced that effective January 12, 2022, its name will change from "Alpha Esports Tech Inc." to "Alpha Metaverse Technologies Inc.", subject to the approval of the Canadian Securities Exchange.

On January 21, 2022, the Company announced that its engagement for marketing services with Financial Star News Inc., as previously disclosed by the Company on October 8, 2021, remains ongoing and is now anticipated to conclude on February 4, 2022.

On January 24, 2022, the Company announced the signing of a letter of intent ("LOI") to acquire Shape Immersive Entertainment Inc. ("Shape") The LOI contemplates the acquisition by the Company of 100% of the issued and outstanding shares of Shape in exchange for 14,840,000 common shares of the Company and \$1 million in cash.

On January 24, 2022, the Company also announced a brokered private placement financing for up to \$4.0 million. The Company entered into an agreement with Research Capital Corporation, as sole agent and sole bookrunner, in connection with a best efforts, brokered private placement of up to 16,000,000 units of the Company (the "Units") at



a price of \$0.25 per Unit for gross proceeds of up to \$4,000,000. Each Unit will be comprised of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant shall be exercisable to acquire one additional Common Share (a “Warrant Share”) at an exercise price of \$0.40 per Warrant Share for a period of 24 months after the closing of the private placement financing.

## **RESULTS OF OPERATIONS**

The following highlights the key operating expenditures for the six months ended December 31, 2021 compared to the six months ended December 31, 2020:

### **For the six months ended December 31, 2021**

During the six months ended December 31, 2021, the Company incurred a net loss of \$4,533,599 which consists primarily of the following:

- Advertising and marketing of \$1,230,741 consists of advertising and branding initiatives to increase brand and corporate awareness. The increase of \$1,034,655 (six months ended December 31, 2020 - \$196,086) relates to increased focus on brand building following the launch of GamerzArena and the Company’s successful listing.
- Consulting fees of \$580,722 consists of costs related to advisory services provided for accounting, legal, GamerzArena and other areas. The increase of \$135,817 primarily relates to the increased costs associated with GamerzArena.
- Depreciation expense of \$345,504 consists primarily of non-cash depreciation on the Company’s intangible assets, being its gaming platform and gaming rights. The gaming rights are being depreciated over three years and did not exist in the comparative period. Depreciation expense also includes depreciation expense related to the Heavy Chips Casino and Sports Betting acquisition which closed on November 3, 2021.
- Management fees of \$167,384 consists of compensation to officers of the Company. The decrease of \$17,191 (six months ended December 31, 2020 - \$184,575) is pursuant to a change in management and not having termination fees in the current period.
- Office and miscellaneous costs of \$80,817 decreased \$43,901 (six months ended December 31, 2020 - \$124,718) as a result of the previous period including costs related to the successful IPO.
- Professional fees of \$57,970 decreased \$51,471 (six months ended December 31, 2020 - \$109,441) as a result of the previous period including costs related to the successful IPO.
- Service fees of \$46,699 consists of costs related to operating the Heavy Chips website, which was acquired during the six months ended December 31, 2021.
- Share based payments of \$1,914,646 consists primarily of the non-cash fair value of stock options and restricted share units previously issued and vested during the period.
- Tournament prizes of \$57,676 saw an increase of \$47,208 (December 31, 2020 - \$10,468) as a result of the launch of GamerzArena.
- Transfer agent and filing fees of \$35,316 saw an increase of \$35,171 (December 31, 2020 - \$145) as the entity now incurs costs as it is a publicly traded entity.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue	52,434	3,645	2,103	11,107
Net and comprehensive loss	(2,317,168)	(2,216,431)	(2,646,213)	(824,668)
Loss per share, basic and diluted	(0.04)	(0.04)	(0.05)	(0.01)

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	3,469	-	-	-
Net and comprehensive loss	(1,403,315)	(465,346)	(1,418,185)	(306,521)
Loss per share, basic and diluted	(0.04)	(0.01)	(0.04)	(0.01)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a company in its development phase.

An analysis of the quarterly result from inception shows that the Company has incurred mostly professional fees related to the newly formed entity and work performed to complete acquisitions and pursue its listing on the CSE. Although the Company is beginning to earn some revenues from subscriptions, this is not yet the Company's primary focus which is based on providing high user involvement tournaments and user acquisition.

## LIQUIDITY

At December 31, 2021, the Company had cash of \$245,745 (June 30, 2021 - \$1,716,642) and working capital of \$164,653 (June 30, 2021 - \$2,378,453).

During the six months ended December 31, 2021, the following share transactions occurred:

- 1,252,856 Restricted Share Rights ("RSRs") of the Company were exercised for 1,252,856 shares of the Company being issued to the RSR holders.
- 720,000 common shares were issued through a private placement, raising \$265,000 in capital.
- 48,000 common shares were issued in consideration of consulting services received. These shares had a fair value of \$16,800.
- Received \$245,000 in proceeds related to future private placements. This amount has been recorded as Share Subscriptions on the Statement of Financial Position as of December 31, 2021. Subsequent to December 31, 2021, \$205,000 of this amount was returned to the investors and the associated private placement was cancelled.

If additional funds are required, the Company plans to raise capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

## Operating Activities

The Company used net cash of \$1,479,600 (six months ended December 31, 2020 - used \$1,141,848) in operating activities during the six months ended December 31, 2021.

## Financing Activities

The Company received net cash of \$510,000 (six months ended December 31, 2020 - received \$5,519,509) in financing activities during the six months ended December 31, 2021.

## Investing Activities

The Company used net cash of \$501,297 (six months ended December 31, 2020 – used \$108,233) in investing activities during the six months ended December 31, 2021.

## RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personal during the periods ended December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Management fees	\$ 148,634	\$ 183,000
Share-based payments	349,331	306,650
<b>Total</b>	<b>\$ 497,965</b>	<b>\$ 489,650</b>

As at December 31, 2021, \$150,052 (June 30, 2021 – \$73,500) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## SUBSEQUENT EVENTS & PROPOSED TRANSACTIONS

On January 24, 2022, the Company announced the signing of a letter of intent (“LOI”) to acquire Shape Immersive Entertainment Inc. (“Shape”) The LOI contemplates the acquisition by the Company of 100% of the issued and outstanding shares of Shape in exchange for 14,840,000 common shares of the Company and \$1 million in cash.

On January 24, 2022, the Company also announced a brokered private placement financing for up to \$4.0 million. The Company entered into an agreement with Research Capital Corporation, as sole agent and sole bookrunner, in connection with a best efforts, brokered private placement of up to 16,000,000 units of the Company (the “Units”) at a price of \$0.25 per Unit for gross proceeds of up to \$4,000,000. Each Unit will be comprised of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant shall be exercisable to acquire one additional Common Share (a “Warrant Share”) at an exercise price of \$0.40 per Warrant Share for a period of 24 months after the closing of the private placement financing.

## CHANGES IN ACCOUNTING POLICIES

The management discussion and analysis has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s audited annual financial statement for the fiscal year ended June 30, 2021.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments are exposed to certain financial risks which are discussed in detail in Note 4.7 of the Company’s consolidated financial statements for the year ended June 30, 2021.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the six months ended December 31, 2021 and 2020, the Company incurred the following expenses:

<b>In Canadian Dollars</b>	<b>2021</b>	<b>2020</b>
Advertising and marketing	1,230,741	196,086
Consulting	580,722	444,905
Depreciation	345,504	155,706
Management fees	167,384	184,575
Office and miscellaneous	80,817	124,718
Professional fees	57,970	109,441
Service fees	46,499	-
Rent	30,000	35,000
Share-based payments	1,914,646	608,035
Tournament prizes	57,676	10,468
Transfer agent and filing fees	35,316	145
Travel	5,615	-
<b>Total</b>	<b>4,552,890</b>	<b>1,869,079</b>

An analysis of material components of the Company's general and administrative expenses is disclosed in "Results of Operations" above.

## DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is a public company. The Company's authorized share capital consists of an unlimited number of class A and B common shares without par value. The Company had the following securities outstanding as at the date of this report:

<b>Type of Security</b>	<b>Number Outstanding</b>
Common Shares	62,516,641
Stock Options	5,785,000
Warrants	9,677,090
Performance Warrants	7,000,000
Restricted Shares Rights	1,975,000
<b>Fully Diluted</b>	<b>86,953,731</b>

## RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

## **Risks Related to the Company's Business**

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

*The Company has minimal operating history*

The Company has minimal operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

*History of losses*

The Company has incurred losses during the six-month period ended December 31, 2021. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

*Reliance on management*

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

*Insurance and uninsured risks*

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

*The Company will be an entrant engaging in a new industry*

The esports technology industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

*Dependence on suppliers and skilled labour*

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

*Difficulty to forecast*

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the e-gaming industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

*Management of growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

*Internal controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

*Liquidity*

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

*Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.