



**PLAYGROUND VENTURES INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Three and Six Months Ended June 30, 2021 and 2020**

**(Expressed in Canadian dollars)**

## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

August 19, 2021

"Chris Irwin"  
Chief Executive Officer

"Sophia Tomory"  
Chief Financial Officer

**PLAYGROUND VENTURES INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at June 30, 2021 and December 31, 2020**  
*(Expressed in Canadian dollars)*

	Note	June 30, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
Current		(unaudited)	(audited)
Cash		1,670,123	148,449
HST receivable		24,794	18,977
Prepaid expenses and other assets	7	916,296	255,417
		<b>2,611,213</b>	422,843
Long Term			
Investment in TinyRex	8	350,000	-
Investment in MotionPix	8	1,000,000	-
Intangible assets	9	1,123,552	1,123,552
		<b>2,473,552</b>	1,123,552
<b>Total Assets</b>		<b>5,084,765</b>	1,546,395
<b>LIABILITIES AND EQUITY</b>			
Current			
Trade payables and accrued liabilities		151,817	210,478
Convertible Debt	8	350,000	-
Payable to MotionPix		200,000	-
<b>Total liabilities</b>		<b>701,817</b>	210,478
<b>Equity</b>			
Share capital	10	12,174,585	8,880,287
Warrant reserve	10	1,053,914	498,552
Share based payment reserve	11	491,169	178,886
Deficit		(9,336,721)	(8,221,808)
<b>Total shareholders' equity</b>		<b>4,382,948</b>	1,335,917
<b>Total liabilities and shareholders' equity</b>		<b>5,084,765</b>	<b>1,546,395</b>

Nature of operations (Note 1)

Going concern (Note 2)

Subsequent event (Note 14)

On behalf of the Board of Directors on August 19, 2021:

("signed")  
Jon Gill  
Director

("signed")  
Chris Irwin  
Director

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

**PLAYGROUND VENTURES INC.****Condensed Interim Consolidated Statements of Comprehensive Loss****For the Three and Six Months Ended June 30, 2021 and 2020***(Expressed in Canadian dollars)**(Unaudited)*

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
		\$	\$		
<b>Operating expenses</b>					
Consulting and management		116,667	60,000	284,306	120,000
General and administrative		31,060	4,840	33,539	6,224
Professional fees		78,042	11,420	115,703	18,656
Equity issuance expense		-	-	666,227	-
		225,768	76,260	1,099,774	144,880
<b>Other items</b>					
Loss on debt settlements	10	(34,375)	-	(126,830)	-
Interest Income		5,040	-	7,685	-
Gain (loss) on foreign		-	-	-	(4)
Loss on share settlement	8	(74,880)	-	(74,880)	-
Gain on reversal of trade payables and accrued liabilities		-	146,714	-	146,714
		(104,215)	146,714	(194,025)	146,710
<b>Net loss and comprehensive loss</b>					
		(329,983)	70,454	(1,293,799)	1,830
<b>Loss per share –</b>					
<b>Basic</b>	12	(0.01)	0.01	(0.04)	0.00
<b>Diluted</b>		(0.01)	0.01	(0.03)	0.00
<b>Weighted average number of common shares outstanding</b>					
<b>Basic</b>	12	32,073,000	9,149,000	30,055,000	9,149,000
<b>Diluted</b>	12	43,383,000	9,149,000	41,365,000	9,149,000

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**PLAYGROUND VENTURES INC.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the Six Months Ended June 30, 2021 and 2020**  
*(Expressed in Canadian dollars)*  
*(Unaudited)*

	Note	Shares Issued		Share-based Payment Reserve	Deficit	Total	
		Number of Shares	Amount				
			\$	\$	\$	\$	
<b>Balance, December 31, 2019</b>		<b>9,148,921</b>	<b>7,268,379</b>	-	<b>178,886</b>	<b>(8,072,545)</b>	<b>(625,280)</b>
Net income for the period						1,830	1,830
<b>Balance, June 30, 2020</b>		<b>9,148,921</b>	<b>7,268,379</b>	-	<b>178,886</b>	<b>(8,070,715)</b>	<b>(623,450)</b>
Share issued on private placements		8,527,272	861,000	-	-	-	861,000
Units issued on acquisition of 1279078 BC Ltd.		5,000,000	625,000	498,552	-	-	1,123,552
Shares issued on debt settlements		1,155,140	150,168	-	-	-	150,168
Cost of share issuance		-	(24,260)	-	-	-	(24,260)
Net loss for the period		-	-	-	-	(151,093)	(151,093)
<b>Balance, December 31, 2020</b>		<b>23,831,333</b>	<b>8,880,287</b>	<b>498,552</b>	<b>178,886</b>	<b>(8,221,808)</b>	<b>1,335,917</b>
Options cancelled	11	-	-	-	(178,886)	178,886	-
Option Issuances	11	-	-	-	666,227	-	666,227
Option redemption	11	1,075,000	359,932	-	(175,057)	-	184,875
Shares issued for debt	10	1,405,682	319,580	-	-	-	319,580
Units issued on acquisition of MotionPix	10	1,670,000	774,880	-	-	-	774,880
Shares issued on private placement	10	10,839,322	1,972,521	-	-	-	1,972,521
Warrants issued on private placement	10	-	-	555,362	-	-	555,362
Cost of share issuances	10	-	(132,615)	-	-	-	(132,615)
Net loss for the period		-	-	-	-	(1,293,799)	(1,293,799)
<b>Balance, June 30, 2021</b>		<b>38,821,337</b>	<b>12,174,585</b>	<b>1,053,914</b>	<b>491,169</b>	<b>(9,336,721)</b>	<b>4,382,948</b>

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

**PLAYGROUND VENTURES INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the Six Months Ended June 30, 2021 and 2020**  
*(Expressed in Canadian dollars)*  
*(Unaudited)*

	Note	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
		\$	\$
<b>Operating activities</b>			
Loss for the period		(1,293,799)	1,830
Adjustments to reconcile net loss to cash used in operating activities:			
Equity issuance expense		666,227	-
Loss on settlement of debt	10	126,830	-
Reversal of trade payable & accrued liabilities		-	146,714
Loss on share settlement	8	74,880	-
Net change in working capital:			
HST receivable		(5,817)	582
Prepaid expenses	7	9,121	-
Trade payables and accrued liabilities		134,089	(165,361)
Cash provided from (used in) operating activities		(288,469)	(16,235)
<b>Investing activities</b>			
Advances on demand promissory note	7	(670,000)	-
Investment in MotionPix		(100,000)	-
Cash provided from financing activities		(770,000)	-
<b>Financing activities</b>			
Receipts on options exercised	10	184,875	-
Receipts of common share issuances	10	2,527,883	-
Share issuance costs	10	(132,615)	-
Cash provided from financing activities		2,580,143	-
<b>Increase in cash</b>		<b>1,521,674</b>	<b>(16,235)</b>
<b>Cash, beginning of period</b>		<b>148,449</b>	<b>44,719</b>
<b>Cash, end of period</b>		<b>1,670,123</b>	<b>28,484</b>
<b>Supplemental information</b>			
Interest paid		-	-
Income tax paid		-	-
Share consideration for settlement of debt		319,580	-

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**PLAYGROUND VENTURES INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three and Six Months Ended June 30, 2021 and 2020**  
*(Expressed in Canadian dollars)*  
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**1. NATURE OF OPERATIONS**

Playground Ventures Inc. was incorporated under the British Columbia Business Corporations Act (“BCBCA”) on October 30, 2014. The Company is a developer of platforms and video game publisher that publishes video games that the Company either develop internally or engage a video game developer to develop for them. Previously known as BlocPlay Entertainment Inc., the Company changed its name to Playground Ventures Inc. on April 30, 2021. The Company’s registered office is located at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, Canada. The Company’s shares trade on the Canadian Securities Exchange under the symbol “PLAY”.

**2. GOING CONCERN**

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company has a net loss for the three and six months ended June 30, 2021 of \$329,983 and \$1,293,799 respectively (three and six months ended June 30, 2020 – income of \$70,454 and \$1,830 respectively). The Company’s cumulative deficit was \$9,336,721 as of June 30, 2021 (December 31, 2020 - \$8,221,808). As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. The net working capital as of June 30, 2021 was \$1,909,396 (December 31, 2020 - \$212,365). During the six months ended June 30, 2021, the Company raised \$2,527,883 through the issuance of 10,839,322 (June 30, 2020 – nil) common shares and 6,228,765 warrants, and there is no guarantee of the Company’s ability to obtain future financing. These conditions cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt offerings and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position. These condensed interim consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial reporting on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). These condensed interim financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements were approved and authorized by the Board of Directors of the Company on August 19, 2021.

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**PLAYGROUND VENTURES INC.**  
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### **3.2 Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Stompy Bot Productions Inc., TokenPlay Inc. (“TokenPlay”) and 1279078 BC Ltd. (“BCCo”), from the date of obtaining control, being the effective date of December 16, 2020. All inter-company transactions and balances have been eliminated upon consolidation.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financials statements include the Company’s share of the profit or loss of the equity accounted investees, until the date on which significant influence ceases. The investment in MotionPix Game Studio Inc. (“MotionPix”) is accounted for using the equity method in accordance with IAS 28.

### **3.3 Basis of presentation**

The condensed interim consolidated financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### **3.4 Use of management estimates, judgments and measurement uncertainty**

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of These condensed interim consolidated financial statements are outlined below:

#### ***Going concern***

Determining whether there exists material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern requires management to exercise its judgment, in particular about its ability to obtain funds to continue operations (Note 2).

#### ***Calculation of share-based payments***

The Black-Scholes Option Pricing Model is used to determine the fair value for the stock options and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Revenue recognition**

The Company derives its revenues from two sources: (a) development fees, which is contract specific for development of technology; and (b) online game sales and platform sales. Development fee revenue is recognized when there is persuasive evidence of an agreement, the fee is measurable, the Company has performed its service in accordance with the agreement and collectability is reasonably assured.

Online game sales are sold to end customers through the Company's website and platform. These sales are recognized when the product is delivered to the customer. Testing sales are deferred against their related capitalized development costs and recognized once the game reaches commercialization.

**4.2 Earnings per share**

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

**4.3 Share-based payments**

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

**PLAYGROUND VENTURES INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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#### **4.4 Intangible assets**

Intangible assets acquired from third parties are measured initially at their fair value and either classified as indefinite life or finite life depending on their characteristics. Internally generated intangible assets, such as development costs, are capitalized only when the product is technically and commercially feasible, the costs of generating the asset can be reliably measured, and there is an adequate plan to complete the project. Revenues associated with testing products under development is recorded as a reduction of development costs. Intangible assets with indefinite lives are tested for impairment at least annually and intangible assets with finite lives are reviewed for indicators of impairment at least annually.

#### **5. CAPITAL MANAGEMENT**

The Company manages its common shares and accumulated deficit as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash on its balance sheet.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company is not subject to any restrictions in the management of its capital. There were no changes in the Company's approach to capital management during the year.

#### **6. FAIR VALUE AND FINANCIAL RISK FACTORS**

##### **Fair value of financial instruments**

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level one measurement.

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

Cash is measured using Level One inputs.

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As at June 30, 2021 and 2020, both the carrying and fair value amounts of the Company's cash, demand promissory note, trade and other payables are approximately equivalent due to their short term nature.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

**Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and demand promissory note receivable (note 7). Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management and cash held in trust with the lawyers. Management believes credit risk with respect to financial instruments included in cash is minimal. The Company's maximum exposure to credit risk as at June 30, 2021 and 2020 is the carrying value of cash and the demand promissory note receivable.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. All amounts in trade and other payables are due within one year.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

**Interest rate risk**

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company is not exposed to interest rate price risk.

**Foreign currency risk**

The Company is exposed to foreign currency risk due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company is not exposed to significant foreign currency risk based on its current operations.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

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**COVID-19 and its impact on the business environment**

Beginning in March 2020, the Governments of Canada and the United States, as well as other foreign governments instituted emergency measures as a result of the COVID-19 virus outbreak. The virus has had a major impact on North America and international securities, currency markets and consumer activity which may impact the Company's financial position, its results of future operations and its future cash flows significantly. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of future operations, financial position, and liquidity in fiscal year 2021.

**7. PREPAID EXPENSES AND OTHER ASSETS**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Prepaid management fees	<b>\$88,611</b>	\$105,417
Other Current Asset	<b>7,685</b>	-
Demand Promissory Note	<b>820,000</b>	150,000
<b>Total prepaid expenses</b>	<b>\$916,296</b>	<b>\$255,417</b>

On December 1, 2020, the Company entered into an agreement with a company whose director is also a director of the Company whereby the Company was charged \$110,000 as a signing bonus. The term of the agreement was originally for two years. On March 25, 2021, the Company amended to a three-year agreement. The Company recognized the amount as a prepaid and will amortize over the new term of the agreement. During the three months and six months ended June 30, 2021, the Company amortized \$9,167 and \$16,806 respectively on the consolidated statement of loss.

The Company has advanced an additional \$200,000 during the three months ended June 30, 2021 to Countervail Games Ltd. ("Countervail") for a total of \$820,000 as a demand promissory note in connection with an exclusivity agreement between the Company and Countervail with respect to a potential investment, with terms to be defined and subject to due diligence. The demand promissory note bears 3% interest and due on demand.

**8. INVESTMENTS**

On May 7, 2021, the Company signed an agreement to invest \$350,000 into TinyRex Games Inc. ("TinyRex"). TinyRex is a Vancouver based mobile games studio. The founders plans to develop and release three idle genre mobile games which will leverage their recent partnership with East Side Games Inc. The investment gives the Company right to certain shares in the capital of TinyRex.

On June 9, 2021, The Company completed a joint venture with Ludare Games Group Inc. ("Ludare Games") by acquiring a 40% interest in MotionPix. MotionPix is a Vancouver based company that has the exclusive rights to a mobile game project licensed with a major movie franchise. The mobile game is fully developed and scheduled for global launch in tandem with a highly anticipated blockbuster movie release this year. As consideration for the acquisition, the Company issued 1,670,000 common shares in the capital of the Company to Ludare Games and an investment in the amount of \$300,000 into the project. The Investment in MotionPix is valued based on the acquisition value of the common shares \$700,000 and the \$300,000 investment to be made into the project for a total of \$1,000,000. As the common shares were issued at a value of \$774,880, a loss on share settlement is recognized of \$74,880.

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**9. INTANGIBLE ASSETS**

	<b>Modern Miner</b>	<b>Total</b>
	\$	\$
<b>Cost</b>		
<b>As at December 31, 2020</b>	1,123,552	1,123,552
Addition	-	-
<b>As at June 30, 2021</b>	<b>1,123,552</b>	<b>1,123,552</b>

Development costs are capitalized based on the criteria in IAS 38 – Intangible Assets. Once commercialization of the game is reached, these costs and corresponding revenue will be systematically recognized in the statement of comprehensive loss over the expected life of the game, estimated at four years.

On December 16, 2020, the Company acquired all issued and outstanding common shares BCCo through a non-arm’s length share purchase agreement dated December 16, 2020 (the “Transaction”). As consideration for the Transaction, the Company issued an aggregate of 5,000,000 common shares in the capital of the Company (the “Consideration Shares”) and issued an aggregate of 5,000,000 common share purchase warrants (the “Warrants”). Each Warrant shall entitle the holder thereof to acquire one common share in the capital of the Company (each a, “Common Share”) at a price of \$0.15 per Common Share for a period of five years from the date of issuance. The Consideration Shares were valued at \$625,000 and the Warrants were valued at \$498,552 and both recorded as an increase in intangible assets.

BCCo is a private company formed under the laws of British Columbia, that creates, develops and publishes software related to mobile games and applications. BCCo is currently developing Modern Miner, a mobile game application that will connect the value of exploration to gaming, which it expects to release in the coming year.

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**10. SHARE CAPITAL**

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	Amount (\$)
<b>Balance, December 31, 2020</b>	<b>23,831,333</b>	<b>\$ 8,880,287</b>
Option redemption	500,000	170,325
Shares issued on private placements	5,901,108	531,771
Shares issued for debt	1,155,682	219,580
Cost of share issuances	-	(20,468)
<b>Balance, March 31, 2021</b>	<b>31,388,123</b>	<b>\$ 9,781,495</b>
Option redemption	575,000	189,607
Shares issued for debt	250,000	100,000
Units issued on acquisition of MotionPix	1,670,000	774,880
Shares issued on private placement	4,938,214	1,440,750
Cost of share issuance	-	(112,148)
<b>Balance, June 30, 2021</b>	<b>38,821,337</b>	<b>12,174,585</b>

*Private Placements*

During January and February 2021 the Company issued an aggregate of 2,141,450 common shares at a price of \$0.11 for each common share for gross proceeds of \$235,560.

On March 7, 2021 the Company closed a non-brokered private placement of 3,759,658 units at a price of \$0.15 per unit for gross proceeds of \$563,949. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.20 for a period of 36 months. Using the relative fair value method, \$267,737 was allocated to the attached warrants. Costs related to the share issuances were \$20,468.

On June 29, 2021 the Company closed a non-brokered private placement of 4,938,214 units at a price of \$0.35 per unit for gross proceeds of \$1,728,375. Each unit consisted of one common share of the Company and one half of one whole common share purchase warrant. Each warrant entitles the holder to purchase one half common share of the Company at an exercise price of \$0.70 for a period of 18 months. Using the relative fair value method, \$287,625 was allocated to the attached warrants. Costs related to the share issuance were \$112,148.

*Debt Settlements*

On January 14, 2021, the Company issued an aggregate 1,155,682 common shares at a price of \$0.11 per common shares to settle an aggregate of \$127,125 indebtedness with non-arm's length creditors. Due to the debt settlements, the Company incurred a loss of \$92,455 on debt settlement.

On June 3, 2021, the Company issued an aggregate of 250,000 common shares at a price of \$0.26 per common share to settle an aggregate of \$65,625 indebtedness with arm's length creditors. Due to the debt settlement, the Company incurred a loss of \$34,375 on debt settlement.

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*(Unaudited)*

b) Warrants:

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
		\$
<b>Balance, December 31, 2020</b>	<b>5,000,000</b>	<b>\$ 0.150</b>
Warrant issuance	3,759,658	0.200
<b>Balance March 31, 2021</b>	<b>8,759,658</b>	<b>\$ 0.171</b>
Warrant issuance	2,469,107	0.70
<b>Balance June 30, 2021</b>	<b>11,228,765</b>	<b>\$ 0.288</b>

The following table reflects the warrants issued and outstanding as of June 30, 2021:

Issue date	Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)	Expiry date
December 16, 2020	5,000,000	498,552	0.15	December 16, 2025
March 7, 2021	3,759,658	267,737	0.20	March 7, 2024
June 29, 2021	2,469,107	287,625	0.70	December 29, 2022

b) Warrants:

The relative fair value method was utilized to allocate the value of the warrants issued during the quarter. The fair value of the warrants issued was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	March 7, 2021
Expected life	3 years
Expected volatility	118.02%
Risk-free interest rate	0.49%
Dividend yield	Nil
Underlying share price	\$0.33
Exercise price	\$0.20

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	<b>June 29, 2021</b>
Expected life	1.5 years
Expected volatility	118.02%
Risk-free interest rate	0.44%
Dividend yield	Nil
Underlying share price	\$0.40
Exercise price	\$0.70

c) Reserves

The warrant reserve records items recognized as share-based payments for warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The share-based payment reserve records items recognized as share-based payment expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The equity reserve records items recognized as the equity portion of convertible debentures until such time that the convertible debentures are exercised, at which time the corresponding amount will be transferred to share capital.

**11. STOCK OPTIONS**

The Company has a stock option plan (the “Plan”) under which the Company may grant options to directors, officers, employees and consultants. The number of shares to be reserved and set aside for issue under this plan is determined from time to time by the Board. The continuity of outstanding stock options outstanding is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
		<b>\$</b>
<b>Balance, December 31, 2020</b>	<b>150,000</b>	<b>\$ 1.000</b>
Option cancelled	(150,000)	1.000
Option issuances	3,625,000	0.191
Option redemption	(500,000)	0.165
<b>Balance, March 31, 2021</b>	<b>3,125,000</b>	<b>\$ 0.195</b>
Option redemption	(575,000)	0.178
<b>Balance, June 30, 2021</b>	<b>2,550,000</b>	<b>\$ 0.198</b>

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The following table provides additional information about outstanding stock options at June 30, 2021:

<b>Issuance Date</b>	<b>Number of Outstanding Options</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options Exercisable</b>	<b>Weighted Average Exercise Price – Exercisable Options</b>
January 8, 2021	1,850,000	4.53	\$ 0.165	1,850,000	\$ 0.165
February 4, 2021	100,000	4.60	0.200	100,000	0.200
March 7, 2021	600,000	4.68	0.280	600,000	0.280
<b>June 30, 2021</b>	<b>2,550,000</b>	<b>4.57</b>	<b>\$ 0.198</b>	<b>2,550,000</b>	<b>\$ 0.198</b>

**12. LOSS PER SHARE**

The weighted average number of shares includes common shares. The effect of adjustments to the weighted average number of common shares would be anti-dilutive when the Company incurs losses.

The calculation of basic and diluted (loss) per share for the period ended was based on the information in the table below.

	<b>For three months ended June 30, 2021</b>	<b>For three months ended June 30, 2020</b>	<b>For six months ended June 30, 2021</b>	<b>For six months ended June 30, 2020</b>
<b>Basic weighted average number of shares outstanding - beginning and ending balance</b>	32,073,000	9,149,000	30,055,000	9,149,000
<b>Dilutive weighted average number of shares outstanding</b>	43,383,000	9,149,000	41,365,000	9,149,000
<b>Net loss</b>	\$ (329,983)	\$ 70,454	\$ (1,293,799)	\$ 1,830
<b>Weighted average basic loss per share</b>	\$ (0.01)	\$ 0.01	\$ (0.04)	\$ 0.00
<b>Weighted average diluted loss per share</b>	\$ (0.01)	\$ 0.01	\$ (0.03)	\$ 0.00

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**13. RELATED PARTIES AND KEY MANAGEMENT**

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to former and current key management includes the following:

<b>Six Months Ended June 30,</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Short-term employee benefits	142,955	120,000
<b>Total compensation to key management</b>	<b>142,955</b>	<b>120,000</b>

Included in trade and other payables as at June 30, 2021 are amounts of \$120,478 (December 31, 2020 - \$129,950) due to directors and former directors of the Company and companies with common directors. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Per an agreement, the Company has an amount of \$88,611 in prepaid expenses to a company whose director is also a director of the Company. In addition, under this agreement, the Company is committed to a monthly consulting fee of \$15,000 per month until December 1, 2023.

During the six months ended June 30, 2021, the Company issued 1,155,682 common shares to settle \$127,125 of debt to a company whose director is also a director of the Company, resulting in a loss on the settlement of \$92,455.

**14. SUBSEQUENT EVENTS**

*Investment*

The Company entered into an investment agreement (the "Investment Agreement") dated July 7, 2021 with GG Hub SRL ("GG Hub"), an Italian media gaming corporation, pursuant to which the Company shall invest up to an aggregate of €1,000,000 into GG Hub to acquire up to a 60% interest in GG Hub. Pursuant to the Investment Agreement, the Company has made the initial payment of €100,000 to GG Hub and as a result, the Company has acquired a 15% interest in GG Hub.

*Demand promissory note*

On July 20, 2021, the Company increased its demand promissory note to Countervail by \$217,504 CAD and \$131,595 USD.

*Countervail*

On July 22, 2021 at the Annual and Special meeting of shareholders of the Company, approval was received on the proposed related party transaction between the Company and Countervail. Playground Ventures has entered a non-binding letter of intent (the "LOI") to acquire all the issued and outstanding common shares in the capital of Countervail. Countervail is a mobile game developer with a focus on generating an innovative user experience through a never seen before patent pending technology that integrates live video content with digital game play. This will be combined with an exclusive in-game advertising and brand sponsorship technology application. In partnership with a high-profile game developer in the action sports genre, Countervail has the exclusive rights to a mobile game project licensed with the largest online skateboarding community in the world.

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