VERSUS SYSTEMS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

SIX MONTH PERIOD ENDED

JUNE 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Versus Systems Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	June 30, 2018	December 31, 2017
	($)	**($)**
ASSETS		
Current assets		
Cash	1,428,354	230,742
Receivables	8,009	10,231
Prepaids and deposits	239,761	162,673
	1,676,124	403,646
Restricted deposit (Note 5)	11,500	11,500
Equipment (Note 6)	40,614	50,269
Intangible assets (Note 8)	3,832,053	4,531,907
	5,560,291	4,997,322
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	781,792	479,868
Notes payable (Note 10)	1,801,664	747,322
	2,583,456	1,227,190
Equity		
Share capital (Note 11)		
Common shares	91,633,199	88,302,958
Class "A" shares	37,927	37,927
Reserves (Note 11)	8,946,721	6,922,770
Deficit	(93,685,842)	(90,341,608)
	6,932,005	4,922,047
Non-controlling interest (Note 7)	(3,955,170)	(1,151,915)
	2,976,835	3,770,132
	5,560,291	4,997,322

Nature of operations and going concern (Note 1)

Commitments (Note 17)

Subsequent event (Note 18)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 30, 2018. They are signed on behalf of the Board of Directors by:

"Matthew Pierce"	***"Brian Tingle"***
Director	Director

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

Versus Systems Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended June 30, 2018	Three Month Period Ended June 30, 2017	Six Month Period Ended June 30, 2018	Six Month Period Ended June 30, 2017
			($)	($)
EXPENSES				
Amortization (Note 6)	6,418	4,799	12,528	8,222
Amortization of intangible assets (Note 8)	754,732	589,180	1,458,630	1,151,696
Consulting fees	371,846	323,841	598,527	484,669
Foreign exchange loss	(73,343)	13,251	(43,623)	15,462
General and administrative	407,253	162,306	652,585	273,096
Interest expense	17,604	-	29,672	-
Professional fees	239,335	78,708	382,965	113,876
Salaries and wages	540,716	315,485	1,027,104	533,654
Sales and marketing	170,383	149,299	176,207	159,653
Share-based compensation (Note 11)	1,132,054	325,389	1,810,540	694,332
	(3,566,998)	(1,962,258)	(6,105,135)	(3,434,660)
Other income	399	892	399	1,150
Finance expense	(22,704)	-	(42,753)	-
Loss and comprehensive loss	(3,589,303)	(1,961,366)	(6,147,489)	(3,433,510)
Loss and comprehensive loss attributable to:				
Shareholders	(1,952,581)	(1,131,717)	(3,344,234)	(2,001,227)
Non-controlling interest	(1,636,722)	(829,649)	(2,803,255)	(1,432,283)
	(3,589,303)	(1,961,366)	(6,147,489)	(3,433,510)
Basic and diluted loss per common share:				
Shareholders	(0.02)	(0.02)	(0.04)	(0.03)
Non-controlling interest	(0.02)	(0.01)	(0.03)	(0.02)
Weighted average common shares outstanding	88,111,676	73,781,279	82,516,354	70,363,688

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

Versus Systems Inc.

Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Number of Class "A" Shares	Share Capital: Common Shares	Share Capital: Class "A" Shares	Reserves	Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
			($)	($)	($)	($)	($)	($)	($)
Balance at December 31, 2016	65,409,235	33,713	85,194,014	37,927	5,601,517	(86,114,570)	4,718,888	1,615,397	6,334,285
Shares issued for warrant exercise	626,000	-	125,400	-	-	-	125,400	-	125,400
Shares issued in private placement	8,000,000	-	2,000,000	-	-	-	2,000,000	-	2,000,000
Share issuance costs - cash	-	-	(3,537)	-	-	-	(3,537)	-	(3,537)
Performance warrants issued	-	-	-	-	347,406	-	347,406	-	347,406
Stock options granted	-	-	-	-	346,926	-	346,926	-	346,926
Loss and comprehensive loss	-	-	-	-	-	(2,001,227)	(2,001,227)	(1,432,283)	(3,433,510)
Balance at June 30, 2017	74,035,235	33,713	87,315,877	37,927	6,295,849	(88,115,797)	5,533,856	183,114	5,716,970
Shares issued for warrant exercise	2,222,000	-	751,300	-	-	-	751,300	-	751,300
Acquisition of Versus LLC	501,660	-	235,780	-	(223,786)	-	11,994	(11,994)	-
Share issuance costs - cash	-	-	1	-	-	-	1	-	1
Debt issuance cost	-	-	-	-	156,843	-	156,843	-	156,843
Performance warrants issued	-	-	-	-	199,243	-	199,243	-	199,243
Stock options granted	-	-	-	-	494,621	-	494,621	-	494,621
Loss and comprehensive loss	-	-	-	-	-	(2,225,811)	(2,225,811)	(1,323,035)	(3,548,846)
Balance at December 31, 2017	76,758,895	33,713	88,302,958	37,927	6,922,770	(90,341,608)	4,922,047	(1,151,915)	3,770,132
Shares issued in private placement	12,259,667	-	3,677,900	-	-	-	3,677,900	-	3,677,900
Share issuance costs - cash	-	-	(446,659)	-	-	-	(446,659)	-	(446,659)
Debt issuance cost	-	-	-	-	213,411	-	213,411	-	213,411
Shares issued for warrant exercise	560,000	-	99,000	-	-	-	99,000	-	99,000
Warrants issued	-	-	-	-	1,525,849	-	1,525,849	-	1,525,849
Stock options granted	-	-	-	-	284,691	-	284,691	-	284,691
Loss and comprehensive loss	-	-	-	-	-	(3,344,234)	(3,344,234)	(2,803,255)	(6,147,489)
Balance at June 30, 2018	89,578,562	33,713	91,633,199	37,927	8,946,721	(93,685,842)	6,932,005	(3,955,170)	2,976,835

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

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Month Period Ended June 30, 2018	Six Month Period Ended June 30, 2017
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	(6,147,489)	(3,433,510)
Items not affecting cash:		
Amortization (Note 6)	12,528	8,222
Amortization of intangible assets (Note 8)	1,458,630	1,151,696
Finance expense	42,753	-
Foreign exchange loss	-	(6,616)
Accrued interest expense	32,220	-
Share-based compensation	1,810,540	694,332
Changes in non-cash working capital items:		
GST receivable	2,222	(1,773)
Prepaids and deposits	(77,088)	7,918
Accounts payable and accrued liabilities	269,704	(46,257)
Cash used in operating activities	(2,595,980)	(1,625,988)
FINANCING ACTIVITIES		
Proceeds from notes payable	1,225,000	-
Proceeds from warrant exercises	99,000	-
Proceeds from issuance of common shares	3,677,900	2,125,400
Share issuance costs	(446,659)	(3,537)
Cash provided by financing activities	4,555,241	2,121,863
INVESTING ACTIVITIES		
Development of intangible assets	(758,776)	(647,337)
Purchase of equipment	(2,873)	(25,258)
Cash used in investing activities	(761,649)	(672,595)
Change in cash during the year	1,197,612	(176,720)
Cash - Beginning of year	230,742	1,210,400
Cash - End of year	1,428,354	1,033,680

Supplemental Cash Flow Information (Note 16)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Versus Systems Inc. (the "Company") was continued under the Business Corporations Act (British Columbia) effective January 7, 2007. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol "VS" and on the OTCQB market under the trading symbol "VRSSF".

The Company is engaged in the technology sector and is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. At the date of the consolidated financial statements, the Company has not earned any revenues from operations and is considered to be in the development stage.

These condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with International financial reporting standards ("IFRS"). The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2018, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations. The Company expects to incur further losses in the development of its business. These material uncertainties may cast substantial doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to ultimately attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 30, 2018.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of Versus Systems Inc. and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Opal Energy Inc.	United States of America	100%	Dormant
Opal Energy (Holdco) Corp	United States of America	45.6%	Holding Company
Versus LLC	United States of America	45.6%	Technology Company

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and management's assessment of current events and other facts and circumstances that are considered to be relevant. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In

2. BASIS OF PRESENTATION (continued)

Deferred income taxes (continued)

addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

ii) Economic recoverability and probability of future economic benefits of intangible assets

Management has determined that intangible asset costs which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

iii) Valuation of share-based compensation

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

iv) Depreciation and Amortization

The Company's intangible assets and equipment are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net loss, and comprehensive income (loss) in future periods.

Significant judgements that have the most significant effect on the amounts recognized in these financial statements include:

i) Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

ii) Business Combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisitions disclosed in Note 7 did meet the criteria for accounting as a business combination.

3. SIGNIFICANT ACCOUNTING POLICIES

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 52,909,684 (2017 – 45,895,676).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred. The acquired company's identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date.

Goodwill arising from a business combination is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Asset	Rate
Computers	Straight line, 3 years

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies GST receivable as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. The Company classifies restricted deposits as held to maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in the profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and the Company classifies accounts payable and accrued liabilities, and notes payable as other financial liabilities.

As at June 30, 2018, the Company does not have any derivative financial assets and liabilities.

Intangible assets excluding goodwill

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the intention to complete the intangible asset and use or sell it;
(c) the ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet the recognition criteria listed above. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets excluding goodwill (continued)

generated intangible assets are reported at cost. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred. Amortization of software is recognized on a straight-line basis over a period of 3 years.

Impairment of intangible assets excluding goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs) are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset (or CGU) in prior years. A reversal of impairment losses is recognized immediately in profit or loss.

Income taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax (continued)

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or lost, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

Stock-based Compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based Compensation (continued)

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

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 fair value of the share-based payment.

Otherwise, share-based payments are measured at the fair value of goods or services received.

Foreign Exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company and its subsidiaries that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Net loss is the same as comprehensive loss for the years presented.

4. ACCOUNTING STANDARDS ISSUED

Standards issued and adopted in the Company's condensed interim consolidated financial statements are listed below. The Company has adopted these standards when they became effective.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 and are effective:

IFRS 2, Share-based Payment

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions.

IFRS 9, Financial instruments

This standard was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities

4. ACCOUNTING STANDARDS ISSUED (continued)

have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income.

IFRS 15, Revenue from Contracts with Customers

This standard was issued in May 2014 and will be the new standard for the recognition of revenue, replacing IAS 18, Revenue. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company notes the impact of the above standards on its financial statements were not material.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will early adopt these standards.

5. RESTRICTED DEPOSIT

As at June 30, 2018, restricted deposits consisted of $11,500 (2017 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

(Expressed in Canadian dollars)

6. EQUIPMENT

	Computers ($)
Cost	
At December 31, 2016	36,252
Additions	40,004
At December 31, 2017	76,256
Additions	2,873
At June 30, 2018	**79,029**
Accumulated amortization	
At December 31, 2016	3,707
Amortization for the year	22,280
At December 31, 2017	25,987
Amortization for the period	12,528
At June 30, 2018	**38,515**
Carrying amounts	
At December 31, 2017	50,269
At June 30, 2018	**40,614**

7. BUSINESS COMBINATION WITH VERSUS LLC

On June 26, 2016, the Company acquired a 37.5% ownership interest in Versus LLC, a privately held limited liability company organized under the laws of the state of Nevada, from existing members (the “Selling Members”) in consideration of a cash payment of $1,962,722 (US$1,500,000). Versus LLC is a technology company that is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players.

On June 30, 2016, the Company and the Selling Members exchanged 100% of their ownership units in Versus LLC for 8,950.05 common shares of Opal Energy (Holdco) Corp. (“Newco”) determined to have a fair value of $5,201,800 (US$4,000,000). Consequently, Versus LLC became a wholly-owned subsidiary of Newco. This share exchange resulted in a reduction of the Company’s ownership interest in Newco from 100% to 38.2%.

In addition, the Company acquired full voting control over all of the Newco shares held by the Selling Members in exchange for granting them the right to exchange their Newco shares for such number of common shares of the Company equal to a total value of US$2,500,000, and common share purchase warrants with a total value of US$1,250,000 at an exercise price of $0.20 per share until June 30, 2019. As a result of this voting control, the Company has consolidated the assets, liabilities and results of operations of Versus LLC since the date of acquisition. Furthermore, the Company recorded a non-controlling interest related to the 61.8% interest held by the Selling Members in the net identifiable assets of Versus LLC.

(Expressed in Canadian dollars)

7. BUSINESS COMBINATION WITH VERSUS LLC (continued)

The transaction with Versus LLC was determined to be a business combination under IFRS 3, and accordingly the Company used the acquisition method as follows:

	Amount ($)
Cash	49,902
Intangible assets	5,921,712
Accounts payable and accrued liabilities	(143,515)
Loan payable to the Company	(650,165)
Net identifiable assets at fair value acquired	5,177,934
Non-controlling interest	(3,215,212)
Purchase consideration	1,962,722

The Company determined the fair value of the intangible assets using a replacement cost approach, which measures the expenditures necessary to develop an asset with similar utility as of the valuation date, which in this case, is the date of the business acquisition, June 26, 2016. The expenditures consisted only of those expenditures which the Company considered necessary to replace the utility of the intangible asset (Note 8) in the environment in existence at the transaction date, and included labour costs and other items such as legal fees in the development process.

In connection with the acquisition of Versus, LLC, the Company paid a finder's fee of 1,000,000 common shares with a fair value of $250,000 which was expensed during the year ended December 31, 2016.

On November 22, 2016, the Company acquired an additional 500 shares of Newco from one of the Selling Members in exchange for 1,441,553 common shares of the Company and 720,766 share purchase warrants that are exercisable at $0.20 per share until July 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $230,648 and $75,600, respectively. As a result, the Company increased its ownership interest in Newco to 43.7% and recorded the excess purchase price over net identifiable assets of $90,908 against reserves. The effect on non-controlling interest was a reduction of $215,341, for a balance of $2,999,871.

On September 21, 2017, the Company acquired an additional 174 shares of Newco from one of the Selling Members in exchange for 501,660 common shares of the Company and 250,830 share purchase warrants that are exercisable at $0.20 per share until June 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $235,780 and $88,470, respectively. As a result, the Company increased its ownership interest in Newco to 45.6% and recorded the excess purchase price over net identifiable assets of $312,255 against reserves. The effect on non-controlling interest was a reduction of $11,995.

8. INTANGIBLE ASSETS

Intangible assets are comprised of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. The intangible asset was acquired in the business combination with Versus LLC as described in Note 7. In addition, the Company continues to develop new apps, therefore additional cost were capitalized during the six month period ended June 30, 2018.

(Expressed in Canadian dollars)

8. INTANGIBLE ASSETS (continued)

	Software
	($)
Cost	
At December 31, 2016	6,422,831
Additions	1,570,171
At December 31, 2017	7,993,002
Additions	758,776
At June 30, 2018	**8,751,778**
Accumulated amortization	
At December 31, 2016	1,058,456
Amortization	2,042,639
At December 31, 2017	3,461,095
Amortization	1,458,630
At June 30, 2018	**4,919,725**
Carrying amounts	
At December 31, 2017	4,531,907
At June 30, 2018	**3,832,053**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	June 30, 2018	December 31, 2017
	($)	**($)**
Accounts payable	317,682	219,125
Due to related parties	161,742	170,874
Subscriptions received in advance	-	-
Accrued liabilities	302,368	89,869
	781,792	479,868

10. NOTES PAYABLE

During the year ended December 31, 2017, the Company issued unsecured notes payable for total proceeds of $900,000 from a director of the Company who is also a shareholder. The loans bear interest at the prime rate which was 3.20% at December 31, 2017, payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of

(Expressed in Canadian dollars)

10. NOTES PAYABLE (continued)

$156,843 was recorded in reserves. As at December 31, 2017, the Company had recorded $2,635 in accrued interest which was included in accounts payable and accrued liabilities.

During the six month period ended June 30, 2018, the Company issued unsecured notes payable for total proceeds of $1,225,000 from a director of the Company who is also a shareholder. The loans bear interest at the prime rate which was 3.45% at June 30, 2018, payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $213,411 was recorded in reserves.

As at June 30, 2018, the Company had recorded $32,220 in accrued interest which was included in accounts payable and accrued liabilities.

The notes were originally recorded at $1,754,746 being the present value of future payments discounted at 10%. The Company recorded finance expense of $20,049 related to bringing the notes to their present value at June 30, 2018.

	Amount **($)**
Balance, December 31, 2017	747,322
Proceeds	1,225,000
Contribution benefit	(213,411)
Finance expense	42,753
Balance, June 30, 2018	**1,801,664**

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value and 5,057 Class "A" shares, Series 1. The Class "A" shares, Series 1 are non-voting and are convertible into common shares at any time on the basis of 6.67 common shares for each Class "A" Series I share held.

b) Issued share capital

During the six month period ended June 30, 2018, the Company:

i) issued, 12,259,667 units at a price of $0.30 per unit for total proceeds of $3,677,900. Each unit consisted of one common share and a one half common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.40 until April 12, 2020.

ii) issued 560,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $99,000.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

b) Issued share capital (continued)

During the year ended December 31, 2017, the Company:

iii) issued 2,848,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $876,700.

iv) issued 8,000,000 units at a price of $0.25 per unit for total proceeds of $2,000,000. Each unit consisted of one common share and a share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.40 until March 17, 2022.

v) issued 501,660 common shares with a fair value of $235,780 to increase its ownership interest in Versus LLC (Note 7)

Escrow

At June 30, 2018, 5,000 common shares (December 31, 2017 – 5,000) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.

Pursuant to an escrow agreement dated June 30, 2016, 12,431,791 common shares will be held in escrow. A total of 10% of the escrow shares were released on June 30, 2016, and the remainder will be released in equal tranches of 15% every six months thereafter. As at June 30, 2018, there were 5,594,306 common shares remaining in escrow.

c) Stock options

Pursuant to the policies of the CSE, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a rolling Stock Option Plan (the "Plan") whereby the Company can issue up to 15% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	**Weighted Average Exercise Price**
		($)
Balance – December 31, 2016	6,020,471	0..27
Granted	2,584,500	0.39
Cancelled	(100,000)	0.27
Balance –December 31, 2017	8,504,971	0.31
Granted	686,500	0.46
Cancelled	-	-
Balance – June 30, 2018	9,191,471	0.34

During the six month period ended June 30, 2018, the Company recorded share-based compensation of $284,691 (2017 - $494,621) relating to options vested during the year.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

At June 30, 2018, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Life
			($)	**(years)**
May 18, 2022	158,000	6,583	0.49	3.88
March 17, 2022	908,000	75,667	0.44	3.71
July 13, 2021	5,920,471	3,705,574	0.27	3.03
August 3, 2022	116,000	-	0.39	4.06
September 14, 2022	1,278,500	621,844	0.35	4.21
December 11, 2022	124,000	-	0.38	4.45
June 6, 2023	686,500	-	0.46	4.95
	9,191,471	4,409,668	0.34	3.38

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – December 31, 2016	21,984,099	0.27
Exercised	(2,848,000)	0.31
Issued	8,250,830	0.39
Balance – December 31, 2017	27,386,929	0.30
Exercised	(560,000)	-
Issued	6,887,508	0.39
Balance – June 30, 2018	33,714,437	0.32

During the six month period ended June 30, 2018, the Company:

i) On March 29, 2018 and April 12, 2018, the Company completed a unit private placement which included 6,129,833 share purchase warrants exercisable at $0.40 per share for a period of two years. The share purchase warrants were determined to have a fair value of $1,097,052 using the Black Scholes option pricing model.

ii) On March 29, 2018 and April 12, 2018, the Company completed a unit private placement which included 711,405 broker warrants exercisable at $0.30 per share for a period of two years. The share purchase warrants were determined to have a fair value of $141,704 using the Black Scholes option pricing model.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

During the year ended December 31, 2017, the Company:

i) On March 17, 2017, the Company completed a unit private placement which included 8,000,000 share purchase warrants exercisable at $0.40 per share for a period of five years. The share purchase warrants were determined to have a fair value of $Nil using the residual value method.

ii) On September 21, 2017, the Company acquired an additional 174 shares of Newco from one of the Selling Members in exchange for 501,660 common shares of the Company and 250,830 share purchase warrants that are exercisable at $0.20 per share until June 24, 2019. The share purchase warrants were determined to have a fair value of $88,469 using the Black Scholes option pricing model.

The Company used the following assumptions in calculating the fair value of the warrants for the period ended:

	June 30, 2018	December 31, 2017
Risk-free interest rate	1.76%	1.45%
Expected life of options	2.0 years	1.84 years
Expected dividend yield	Nil	Nil
Volatility	112.64%	120.47%
Weighted average fair value per warrant	$.18 - $.20	$0.35

At June 30, 2018, the Company had share purchase warrants outstanding as follows:

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
March 17, 2022	7,950,000	0.40	3.71
February 27, 2020	9,633,333	0.15	1.66
June 24, 2019	971,596	0.20	1.00
September 30, 2018	8,318,000	0.40	0.25
March 29, 2020	1,499,500	0.40	1.75
March 29, 2020	209,930	0.30	1.75
April 12, 2020	4,630,333	0.40	1.87
April 12, 2020	501,475	0.30	1.87
	33,714,437	0.32	1.85

e) Performance warrants

On September 30, 2016, the Company issued 10,003,776 performance warrants with a fair value of $1,725,496. These performance warrants vest over a period that is the earlier of achieving certain performance milestones or 33 months. During the six month period ended June 30, 2018, the Company expensed $225,129 (2017 - $445,364) as share-based compensation.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

e) Performance warrants (continued)

The performance warrants were valued using the Black-Scholes option pricing model using the following assumptions:

Risk-free interest rate	0.54%
Expected life of options	5 years
Expected dividend yield	Nil
Volatility	90.0%
Weighted average fair value per warrant	$0.17

At June 30, 2018, the Company had performance warrants outstanding as follows:

Expiry Date	Performance Warrants Outstanding	Performance Warrants Exercisable	Exercise Price	Remaining Life
			($)	**(years)**
June 30, 2021	10,003,776	8,336,480	0.25	3.25

12. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions, not disclosed elsewhere in these consolidated financial statements, during the six months ended June 30, 2018 and 2017. Key management personnel includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), directors and officers and companies controlled or significantly influenced by them.

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel

	2018	**2017**
	($)	**($)**
Short-term employee benefits paid or accrued to the CEO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	340,623	503,850
Short-term employee benefits paid or accrued to a member of the advisory board of the Company, including share-based compensation vested for incentive stock options and performance warrants.	146,522	198,177
Short-term employee benefits paid or accrued to the Vice President of Engineering of the Company, including share-based compensation vested for incentive stock options and performance warrants.	147,160	182,323
Share-based compensation vested for incentive stock options issued to certain directors and officers of the Company.	50,498	33,976
Total	684,803	918,326

Other Related Party Payments

Office sharing and occupancy costs of $30,000 (2017 - $30,000) were paid or accrued to a corporation that shares management in common with the Company.

Amounts Outstanding

a) At June 30, 2018, a total of $4,200 (December 31, 2017 - $4,200) was included in accounts payable and accrued liabilities owing to a corporation controlled by the former CFO of the Company for consulting fees.

b) At June 30, 2018, a total of $22,380 (December 31, 2017 - $22,380) was included in accounts payable and accrued liabilities owing to a former director of the Company for consulting fees and reimbursable expenses.

c) At June 30, 2018, a total of $25,200 (December 31, 2017 - $71,712) was included in accounts payable and accrued liabilities owing to the CEO for accrued bonuses and reimbursable expenses.

d) At June 30, 2018, a total of $53,421 (December 31, 2017 - $43,971) was included in accounts payable and accrued liabilities owing to a member of the advisory board of the Company for accrued bonuses.

e) At June 30, 2018, a total of $18,900 (December 31, 2017 - $25,101) was included in accounts payable and accrued liabilities owing to the Vice President of Engineering of the Company for accrued bonuses.

f) At June 30, 2018, a total of $12,600 (December 31, 2017 - $880) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common for consulting fees and reimbursable expenses.

12. RELATED PARTY TRANSACTIONS (continued)

g) At June 30, 2018 a total of $2,125,000 (December 31, 2017 - $900,000) of long term notes was payable to a director of the Company (Note 10). The notes had a present value of $1,801,664 at June 30, 2018.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, GST receivable, restricted deposit, accounts payable and accrued liabilities and notes payable.

The fair value of cash, GST receivable, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. The fair value of notes payable approximates its book value as it was discounted using a market rate of interest.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages its credit risk by ensuring that its cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the government.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Liquidity risk

The Company's cash is invested in business accounts which are available on demand, The Company has raised additional capital subsequent to June 30, 2018 (Note 18). Accordingly, the Company estimates it has sufficient capital to meet its current obligations.

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company's bank account earns interest income at variable rates and the notes payable bear interest at the prime lending rate. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. A 1% change in interest rates would have no significant impact on profit or loss for the six month period ended June 30, 2018.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and the United States.

The Company was exposed to the following foreign currency risk as at June 30, 2018 and December 31, 2017:

	June 30, 2018	**December 31, 2017**
	(US$)	**(US$)**
Cash	317,690	158,352
Accounts payable and accrued liabilities	(342,734)	(268,355)
	(25,044)	(110,003)

As at June 30, 2018, with other variables unchanged, a +/- 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by $2,504 (December 31, 2017 - $13,806).

14. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. Capital consists of total shareholders' equity, less amounts accumulated in shareholders' equity related to share-based payments to employees and consultants. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company remains dependent on external financing to fund its activities. In order to sustain its operations, the Company will spend its existing cash on hand and raise additional amounts as needed until the business generates sufficient revenues to be self-sustaining. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to maximize ongoing corporate development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the six month period ended June 30, 2018.

15. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in one business activity, being the development of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. The Company's two geographical segments are Canada and the United States. All of the Company's intangible assets and equipment are located in the United States of America.

(Expressed in Canadian dollars)

16. SUPPLEMENTAL CASH FLOW INFORMATION

	2018	2017
	($)	**($)**
Non-cash investing and financing activities:		
Contribution benefit on low interest rate notes (Note 10)	213,411	-
Interest paid during the year	-	-
Income taxes paid during the year	-	-

17. COMMITMENTS

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $5,000 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease on July 31, 2018. In May of 2018 the Company extended the cost sharing arrangement to June of 2021 at a monthly fee of $7,000 plus GST per month.

Year	Amount
	($)
2018	40,000
2019	84,000
2020	84,000
2021	42,000

On September 6, 2017, the Company entered into a rental agreement for office space in Los Angeles, USA. Under the terms of the agreement the Company will pay US$19,110 per month commencing on October 1, 2017 until September 30, 2022.

Year	Amount
	(US$)
2018 (remaining 6 months)	114,660
2019	239,424
2020	247,803
2021	256,479
2022	197,361

18. SUBSEQUENT EVENTS

As of the date of this report there have been no material subsequent events.