

WORLD MAHJONG LIMITED

Condensed Interim Financial Statements

For the Six Months Ended June 30, 2017 and 2016

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

WORLD MAHJONG LIMITED
Condensed Interim Statements of Financial Position
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	June 30, 2017	December 31, 2016
Assets		
Current		
Cash	\$ 148	\$ 1,710
Amounts receivable	16,926	12,689
	\$ 17,074	\$ 14,399
Liabilities		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 167,739	\$ 305,451
Shareholders' Equity (Deficit)		
Share Capital (note 5)	4,466,943	4,201,943
Reserves (note 5)	3,723,086	3,534,245
Deficit	(8,340,694)	(8,027,240)
	(150,665)	(291,052)
	\$ 17,074	\$ 14,399

Subsequent event (note

Approved on behalf of the Board:

"Dan Placzek" (signed)
 Director

"Jason Chen" (signed)
 Director

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

WORLD MAHJONG LIMITED
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Expenses				
Consulting fees	\$ 54,655	\$ 26,000	\$ 104,266	\$ 40,667
Management fees	145,000	19,000	176,000	35,000
Marketing and promotion costs	-	-	-	498
Office expenses	3,002	3,008	3,069	3,613
Professional fees	2,896	15,797	6,896	18,874
Regulatory fees	1,625	7,190	4,096	8,690
Transfer agent and filing fees	10,363	1,041	12,170	4,287
Travel	8,186	-	8,186	3,161
Total Expenses	(225,727)	(72,036)	(314,683)	(114,790)
Foreign exchange gain	-	-	(1,229)	-
Loss on abandonment of subsidiaries	-	-	-	(2,017,737)
Loss and Comprehensive Loss for the Period	\$ (225,727)	\$ (72,036)	\$ (313,454)	\$ (2,132,527)
Basic and Diluted Loss Per Common Share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.26)
Weighted Average Number of Common Shares Outstanding	10,123,811	8,219,585	9,374,815	8,219,585

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

WORLD MAHJONG LIMITED
Condensed Interim Statements of Changes in Equity (Deficiency)
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Foreign currency translation	Deficit	Total
	Number*	Amount				
As at December 31, 2015	8,219,585	\$ 4,201,943	\$ 3,534,245	\$ (1,571,357)	\$ (5,607,434)	\$ 557,397
Foreign currency translation adjustment				1,571,357	-	1,571,357
Net loss for the period	-	-	-	-	(2,132,527)	(2,132,527)
Balance, June 30, 2016	8,219,585	\$ 4,201,943	\$ 3,534,245	\$ -	\$ (7,739,961)	\$ (3,773)
Net loss for the period	-	-	-	-	(287,279)	(287,279)
As at December 31, 2016	8,219,585	\$ 4,201,943	\$ 3,534,245	\$ -	\$ (8,027,240)	\$ (291,052)
Shares issued for debt	8,251,646	453,841	-	-	-	453,841
Fair value of warrants	-	(188,841)	188,841	-	-	-
Net loss for the period	-	-	-	-	(313,454)	(313,454)
Balance, June 30, 2017	16,471,231	\$ 4,466,943	\$ 3,723,086	\$ -	\$ (8,340,694)	\$ (150,665)

*On May 12, 2017, the Company consolidated its issued and outstanding common shares, stock options and share purchase warrants on the basis of one new share for every ten existing shares. Unless otherwise indicated, all references to share capital, stock options and share purchase warrants presented in these financial statements and notes thereto are on a post-consolidation basis.

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

WORLD MAHJONG LIMITED
Condensed Interim Statements of Cash Flows
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Six months ended June 30, 2017	Six months ended June 30, 2016
Operating Activities		
Net loss for period	\$ (313,454)	\$ (2,132,527)
Items not affecting cash:		
Loss on abandonment of subsidiaries	-	2,017,737
Debt paid with common shares	453,841	-
Changes in working capital balances:		
Amounts receivable	(4,237)	(9,776)
Prepaid expenses	-	(5,403)
Accounts payable and accrued liabilities	(137,712)	(20,970)
	(1,562)	(150,939)
Investing Activity		
Derecognition of cash abandonment	-	(363,800)
Change in cash	(1,562)	(514,739)
Cash, Beginning of Period	1,710	541,210
Cash, End of Period	\$ 148	\$ 26,471
Supplemental disclosures:		
Common shares issued for debt	453,841	-
Fair value of warrants	(188,841)	-

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

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

World Mahjong Limited (the "Company") was incorporated in the Province of British Columbia on May 11, 1981. The Company's principal business activity is the development of mahjong tournaments throughout the Asia Pacific region.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future and that management does not intend to liquidate the Company or to cease trading, or has no realistic alternative but to do so. As at June 30, 2017, the Company had a working capital deficiency of \$150,665 and has accumulated losses since its inception of \$8,340,694, which has been funded primarily by the issuance of shares and loans from its creditors and related parties. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

The head office and records office of the Company are located at 1430 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "WSM". On May 12, 2017, the Company consolidated its share capital, stock options and warrants on a one-new-for-ten-old basis. All references to share capital, stock options and share purchase warrants presented in these financial statements have been restated to reflect the share consolidation.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These unaudited condensed interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements. These unaudited condensed financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016 which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared using the same accounting policies and methods of application as the latest annual financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of these unaudited condensed interim financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates.

The Company's functional and presentation currency is the Canadian dollar.

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(b) Approval of the financial statements

These unaudited condensed interim financial statements of the Company were approved by the Board of Directors and authorized for issue on August 29, 2017.

(c) Basis of consolidation

Consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

During the year ended December 31, 2016, the Company abandoned its 100% owned subsidiaries Silverdale Ventures (BVI) Limited ("Silverdale") and World's Competition Events Management Ltd. ("WCEM") as it lost its ability to control the subsidiaries. As a result, the Company's consolidated financial statements only include the accounts of the Company and its wholly-owned subsidiary, Croydon Holdings (BVI) Limited ("Croydon"), a British Virgin Islands company. Croydon was inactive during the six months ended June 30, 2017 and 2016.

During the six months ended June 30, 2016, the Company recorded a loss on abandonment of \$2,017,737 on write-off of the assets and liabilities of Silverdale and WCEM from their carrying amounts (Note 4).

(d) Recent accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 – *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments* that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The extent of the impact of adoption of this standard and interpretations on the financial statements of the Company has not been determined.

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(e) Critical accounting judgments and estimates

The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. Significant areas requiring the use of management estimates and judgment include, but not limited to, the following:

i) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year. Significant areas requiring critical accounting judgements include, but not limited to, the following:

ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive loss.

iii) Going concern

The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

iv) Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the Canadian dollar whereas the functional currency of the subsidiaries, other than inactive Croydon, is the United States 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* ("IAS 21"). Significant changes to those underlying factors could cause a change to the functional currency. The Company assessed the impact of this to be low for the three months ended March 31, 2017 and 2016 as the subsidiaries with a functional currency of the United States dollar were abandoned during the year ended December 31, 2016.

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

3. AMALGAMATION AGREEMENT

On June 10, 2015, the Company entered into an Amalgamation Agreement (the "Agreement") with World Mahjong Limited ("WML"), incorporated on March 23, 2005 under the laws of the British Virgin Islands.

Pursuant to the Agreement, the following principle steps were completed on November 13, 2015:

- WML amalgamated with Silverdale, a wholly-owned subsidiary of the Company, to create an operating subsidiary.
- The Company issued an aggregate of 68,024,999 common shares of the Company to the former shareholders of WML.

Concurrent to the amalgamation, WML raised \$1,795,355 (US\$1,437,500) by issuing 27,724,999 common shares.

Upon the Agreement becoming effective on November 13, 2015, the Company became a reporting issuer in the jurisdictions of British Columbia and Ontario, with its shares listed on the CSE.

As a result of the Agreement, the former shareholders of WML acquired control of the Company. The amalgamation has been accounted for as a reverse acquisition that was not a business combination. WML was deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on March 23, 2005 are included in the consolidated financing statements at their historical carrying value. The consolidated financing statements are a continuation of WML. The Company's results of operations are included from November 13, 2015 to December 31, 2015 (Note 4).

4. ABANDONMENT OF SUBSIDIARIES

During the year ended December 31, 2016, the Company abandoned two wholly-owned subsidiaries: Silverdale and WCEM. As a result, the Company lost the exclusive right to use the "World Series of Mahjong" trademark, which was owned by WCEM. For the year ended December 31, 2015, the Company accounted for its investments in Silverdale and WCEM on a consolidated basis (Note 2).

The abandonment of these subsidiaries during the year ended December 31, 2016, resulted in a loss on abandonment of assets and liabilities of \$2,017,737 summarized as follows:

Asset or Liabilities Abandoned	
	\$
Cash	363,800
Prepaid expenses	9,245
Advances to a related party	275,024
Investment in subsidiaries	541,250
Accounts payable and accrued liabilities	(742,939)
Foreign currency translation reserve	1,571,357
Total	2,017,737

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and outstanding

On June 9, 2017, the Company settled debt through a private placement with various arm's length and non-arm's creditors. The Company issued a total of 8,251,646 units at a price of \$0.055 per unit to settle \$453,841 of debt. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.07 per share for a period of two years. Gross proceeds from this private placement were allocated \$265,000 to share capital and \$188,841 to warrant reserves based on their relative fair values.

(c) Escrow shares

As at June 30, 2017, there were 1,590,193 (December 31, 2016 – 2,122,948) common shares in escrow.

(d) Stock options

Details of activity in stock options for the six months ended June 30, 2017 and the year ended December 31, 2016 are as follows:

December 31, 2016	Issued	Expired	June 30, 2017	Exercise Price	Expiry Date
450,000	-	-	450,000	\$4.50	December 7, 2018

The weighted average price and life of options outstanding at March 31, 2017 was \$4.50 and 1.44 years (December 31, 2016 - \$4.50 and 1.93 years) respectively.

On December 7, 2015, the Company granted 450,000 stock options to consultants, directors and officers of the Company which have an exercise price of \$4.50 and expire December 7, 2018. These stock options vested 100% on the grant date. The fair value ascribed to the options was determined to be \$1,494,765 using the Black-Scholes Option Pricing Model, using the following assumptions: risk-free rate of 0.67%; expected dividend yield of 0.00%; expected option life of 3.00 years; expected stock price volatility of 128.85%; and expected forfeiture rate of 0.00%.

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

(e) Warrants

Details of activity in warrants for the six months ended June 30, 2017 and the year ended December 31, 2016 are as follows:

December 31, 2016	Issued	Expired	June 30, 2017	Exercise Price	Expiry Date
19,995	-	-	19,995	\$4.50	December 7, 2018
-	8,251,646	-	8,251,646	\$0.07	June 9, 2019
19,995	8,251,646	-	8,271,641	\$0.08	

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued in the six months ended June 30, 2017:

	2017
Risk-free interest rate	0.74%
Expected life of options	2.00 years
Expected annualized volatility	149.95%
Expected dividend rate	0

(f) Reserves

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

Foreign currency translation reserve recognizes the foreign exchange differences resulting from translation of group entities to the presentation currency that have a different functional currency than the presentation currency.

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Compensation of Key Management Personnel

Key management personnel consist of current and former directors and senior management including the President, Chief Executive Officer, current and former Chief Financial Officers. Key management personnel compensation for the six months ended June 30, 2017 and 2016 includes:

	2017	2016
Consulting and management fees	\$ 176,000	\$ 35,000

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are non-interest bearing, unsecured and due on demand and are as follows:

	June 30, 2017	December 31, 2016
Key management personnel	\$ 62,600	\$ 32,800

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

7. Financial Instruments

The classification of the financial instruments as well as their carrying values as at June 30, 2017 is shown in the table below:

Loans and receivables	\$	148
Financial liabilities measured at amortized cost	\$	167,739

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity.

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. Cash and cash equivalents are held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that these amounts are fully collectible.

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year. The Company is subject to liquidity risk.

(iii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest income. Presently, the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments as the Company has no interest-bearing debt and due to the short-term nature of cash investments.

(iv) Commodity Price Risk – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

WORLD MAHJONG LIMITED
Notes to the Financial Statements
For the Six Months Ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

There have been no changes to the Company's approach to capital management during the period.

Although the Company has been successful at raising funds in the past through the issuance of common shares, it is uncertain whether it will continue this financing.

9. SUBSEQUENT EVENTS

On August 15, 2017, the Company announced a proposed consolidation of its issued and outstanding common shares on the basis of one new common share for up to ten existing common shares, subject to CSE's approval.

On August 21 2017, the Company announced its intention to carry out a non-brokered private placement of up to 15,000,000 units at a price of \$0.05 per unit for gross proceeds up to \$750,000.