

# **STOMPY BOT CORPORATION**

**Unaudited Condensed Consolidated Financial Statements**

**For the quarter ending March 31 2017 and 2016**

**(expressed in Canadian Dollars)**

## INDEX

Management's Responsibility for Financial Reporting	3
Condensed and Consolidated Interim Statements of Financial Position	4
Condensed and Consolidated Interim Statements of Operations and Comprehensive Loss	5
Condensed and Consolidated Interim Statements of Changes in Shareholders' Equity	6
Condensed and Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed and Consolidated Interim Financial Statements	8 - 12

## **STOMPY BOT CORPORATION**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING March 31, 2017**

Management has prepared the information and representations in this interim report. The condensed and consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed and consolidated interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

#### **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 condensed and consolidated interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

**STOMPY BOT CORPORATION**  
**Condensed and Consolidated Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

<i>As at,</i>	March 31, 2017	December 31, 2016
	\$	\$
<b>ASSETS</b>		
Current		
Cash	60,760	267,492
Accounts receivable	-	-
Taxes receivable	25,483	22,258
Prepaid expenses	1,723	31,875
Advanced royalties (note 7)	819,329	826,957
<b>Total current assets</b>	<b>907,295</b>	<b>1,148,582</b>
Non current		
Intangibles (note 8)	521,789	453,345
	<b>1,429,084</b>	<b>1,601,927</b>
<b>LIABILITIES AND EQUITY</b>		
Current		
Trade and other payables	801,891	784,175
Loan payable	240,000	240,000
Convertible debentures	201,563	180,329
	<b>1,243,454</b>	<b>1,204,504</b>
Share capital	2,800,122	2,772,517
Equity portion of convertible debentures	16,792	14,494
Warrants	136,543	117,680
Share based payment reserve	403,890	403,890
Deficit	(3,171,717)	(2,911,158)
	<b>185,630</b>	<b>397,423</b>
	<b>1,429,084</b>	<b>1,601,927</b>

**Nature of operations** (note 1)

**Going concern** (note 2)

**Subsequent events** (note 12)

On behalf of the Board of Directors on July 4, 2017:

("signed")

Jon Gill

Director

("signed")

David Garland

Director

# STOMPY BOT CORPORATION

## Condensed and Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	\$	\$
	(unaudited)	(unaudited)
<b>Revenue</b>		
Revenue (Note 8)	9,294	-
<b>Operating expenses</b>		
Sales and marketing	29,589	-
Development expenses (Note 8)	23,601	-
Management salaries	121,346	45,767
General and administrative	20,810	8,343
Professional fees	65,476	30,100
Share based payment expense	-	-
Royalty expense	7,628	-
Loss on foreign exchange	1,403	56
<b>Net loss and comprehensive loss</b>	<b>(260,559)</b>	<b>(84,266)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.004)</b>	<b>(0.001)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>67,961,986</b>	<b>59,415,420</b>

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

**STOMPY BOT CORPORATION**  
**Condensed and Consolidated Interim Statements of Comprehensive Loss**  
(Expressed in Canadian dollars)

	Shares issued		Shares to be issued		Total	Equity portion of convertible debentures	Warrants	Share Based payment reserve	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount						
<b>Balance, December 31 2015</b>	<b>58,953,332</b>	<b>2,394,094</b>	<b>450,000</b>	<b>36,000</b>	<b>2,430,094</b>	-	<b>29,133</b>	<b>184,458</b>	<b>(2,259,435)</b>	<b>384,250</b>
Shares issued / shares to be issued for cash	450,000	33,377	(450,000)	(36,000)	(2,623)	-	2,623	-	-	-
Shares issued for debt repayment	25,000	2,000	-	-	2,000	-	-	-	-	2,000
Share based payments	-	-	-	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	-	(84,266)	(84,266)
<b>Balance, March 31 2016</b>	<b>59,428,332</b>	<b>2,429,271</b>	-	-	<b>2,429,471</b>	-	<b>31,756</b>	<b>184,458</b>	<b>(2,343,701)</b>	<b>301,984</b>
Shares issued / shares to be issued for cash	2,670,006	84,503	-	-	84,503	-	80,747	-	-	165,250
Shares issued for debt repayment	5,185,870	258,543	-	-	258,543	-	-	-	-	258,543
Shares issuable on convertible debentures	-	-	-	-	-	14,494	5,177	-	-	19,671
Share based payments	-	-	-	-	-	-	-	219,432	-	219,432
Net loss for the year	-	-	-	-	-	-	-	-	(567,457)	(567,457)
<b>Balance, December 31 2016</b>	<b>67,284,208</b>	<b>2,772,517</b>	-	-	<b>2,772,517</b>	<b>14,494</b>	<b>117,680</b>	<b>403,890</b>	<b>(2,911,158)</b>	<b>397,423</b>
Shares issued / shares to be issued for cash	333,333	2,605	-	-	2,605	-	17,395	-	-	20,000
Shares issued for debt repayment	500,000	25,000	-	-	25,000	(1,812)	-	-	-	23,188
Shares issuable on convertible debentures	-	-	-	-	-	4,110	1,468	-	-	5,578
Share based payments	-	-	-	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	-	(260,559)	(260,559)
<b>Balance, March 31 2017</b>	<b>68,117,541</b>	<b>2,800,122</b>	-	-	<b>2,800,122</b>	<b>16,792</b>	<b>136,543</b>	<b>403,890</b>	<b>(3,171,717)</b>	<b>185,630</b>

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

# STOMPY BOT CORPORATION

## Condensed and Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Quarter ended March 31, 2017 \$	Quarter ended March 31, 2016 \$
<b>Operating activities</b>		
Net loss for the period	(260,559)	(84,266)
Adjustments to reconcile net loss to cash used in operating activities:		
Share-based payments	-	-
Changes in non-cash working capital		
Accounts receivable	-	37,129
Taxes receivable	(3,225)	(1,058)
Prepaid expenses	30,152	(27,691)
Advanced royalties	7,628	-
Trade and other payables	17,716	(90,308)
Cash used in operating activities	(208,288)	(166,194)
<b>Investing activities</b>		
Intangibles	(68,444)	1,566
Cash (used in) provided from investing activities	(68,444)	1,566
<b>Financing activities</b>		
Issuance of capital stock	45,000	2,000
Convertible debenture, net	25,000	-
Cash provided from financing activities	70,000	2,000
<b>Reduction in cash</b>	(206,732)	(162,628)
<b>Cash, beginning of year</b>	267,492	165,811
<b>Cash, end of year</b>	60,760	3,183

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

# STOMPY BOT CORPORATION

## Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2017 and 2016 (Expressed in Canadian dollars)

### 1. NATURE OF OPERATIONS

Stompy Bot Corporation (formerly SCorp Energy Ltd., the “Company”) was incorporated under the *British Columbia Business Corporations Act* (“BCBCA”) on October 30, 2014 as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. (“Web Watcher”). The Company is a video game publisher that publishes video games that they either develop internally or engage a video game developer to build for them. The Company’s registered office is located at 1 Germain Street, Suite 300, Brunswick Square Business Tower, Saint John, New Brunswick, E2L 4V1, Canada.

On November 18, 2014, Stompy Bot Productions, Inc. (“Stompy Bot”) and Web Watcher entered into a letter of intent (the “LOI”) providing for the amalgamation of SCorp Energy and Stompy Bot to form the Issuer. On December 9, 2014, Web Watcher entered into an arrangement agreement (the “Arrangement Agreement”) with its wholly-owned subsidiary: SCorp Energy. Under the terms of the Arrangement Agreement, Web Watcher would complete a plan of arrangement (the “Plan of Arrangement”) which would divest Web Watcher of the asset consisting of the LOI, which would be divested to SCorp Energy in consideration of 14,403,698 common shares of SCorp Energy.

Web Watcher received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on January 29, 2015, and received final approval to the Arrangement from the Supreme Court of British Columbia on February 5, 2015.

On June 18, 2015, the Company has acquired from the Stompy Bot shareholders all of the issued and outstanding shares of Stompy Bot in exchange for an equal number of common shares in the capital of the Company (the "Acquisition"). Upon completion of the Acquisition, Stompy Bot became a wholly-owned subsidiary of the Company and SCorp Energy Ltd changed its name to Stompy Bot Corporation. The Acquisition was accounted for as a reverse acquisition.

### 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 quarter ended March 31, 2017 of \$242,752. The Company’s cumulative deficit was \$3,153,910 as of March 31, 2017. As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. These conditions, cast significant doubt about the Company’s ability to continue as a going concern.

Management is exploring various financing alternatives, which includes equity and debt offerings. Specifically, the Company had and recently closed a unit offering of 25 million units of the Corporation at a price of \$0.08 per unit, including a share purchase warrant to acquire one common share at \$0.12 within eighteen months. In addition, the Company recently announced a unit offering of up to 5 million units of the Corporation at a price of \$0.06 per unit, including a half share purchase warrant to acquire one common share of \$0.10 within eighteen months. In addition, the Company completed a private placement of up to \$250,000 of convertible unsecured debenture units. The Company is also evaluating various government and media grants. As at the date of this report, the Company was successful in receiving \$240,000 from the Canadian Media Fund and is expecting to receive up to approximately \$60,000 subsequent to quarter end.

These 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.



# **STOMPY BOT CORPORATION**

## **Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2017 and 2016** (Expressed in Canadian dollars)

### **3. BASIS OF PREPARATION**

#### **Statement of compliance**

These unaudited 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”) and interpretations as approved by the International Accounting Standards Board (“IASB”) and are presented in Canadian dollars.

The policies applied in these condensed and consolidated interim unaudited financial statements are consistent with the policies disclosed in Notes 3 of the audited annual financial statements for the year ended December 31, 2016.

These financial statements were approved and authorized by the Board of Directors of the Company on July 4, 2017.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include share based payments, capitalization of intangible assets and reverse takeover.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current fiscal year.

### **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 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.

# STOMPY BOT CORPORATION

## Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2017 and 2016 (Expressed in Canadian dollars)

### 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.

As at March 31, 2017 and March 31, 2016, both the carrying and fair value amounts of the Company's cash, accounts receivable, and 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 accounts receivable. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and accounts receivable is minimal. The Company's maximum exposure to credit risk as at March 31, 2017 and March 31, 2016 is the carrying value of cash and receivables.

#### 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 of \$801,891 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.

# STOMPY BOT CORPORATION

## Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2017 and 2016 (Expressed in Canadian dollars)

### 6. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

#### 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.

### 7. ADVANCED ROYALTIES

The Company has made advanced royalty payments under two agreements. Under a development agreement, Studio Mekttek Inc. (“Mekttek”), will develop and create products for the Company. The Company agrees to advance certain funds to Mekttek to assist with funding these development activities which will be considered an advance royalty to be drawn down from sales of the products developed. The royalty rate is 5% and is effective for a period of 15 years from the release of Version 1 of the first product developed. The advanced royalty net of any royalties applied is \$819,329 (December 31, 2016- \$819,329)

The Company also entered into an agreement with Dream Pod 9 Inc., to license certain IP for a period of 5 years, ending July 18, 2017. The license is subject to a 15% royalty rate on sales, with an initial advance of \$20,000 made under the agreement. The balance at March 31, 2017 is \$nil (December 31, 2016 - \$7,628). The license was renewed for an additional 5 years, subsequent to quarter end and the remaining balance of royalty was expensed in the quarter.

### 8. INTANGIBLES

	Heavy Gear Development \$	Sabotage License \$	Bit Raider License \$	Total \$
<b>Cost</b>				
<b>As at December 31, 2015</b>	<b>96,467</b>	<b>13,184</b>	<b>1,853</b>	<b>111,504</b>
Additions	-	-	-	-
Testing revenue	(1,566)	-	-	(1,566)
<b>As at March 31, 2016</b>	<b>94,901</b>	<b>13,184</b>	<b>1,853</b>	<b>109,938</b>
Additions	199,783	153,398	-	353,181
Testing revenue	(9,774)	-	-	(9,774)
<b>As at December 31, 2016</b>	<b>284,910</b>	<b>166,582</b>	<b>1,853</b>	<b>453,345</b>
Additions	-	86,251	-	86,251
Testing revenue	-	-	-	-
Development expense	(17,807)	-	-	(17,807)
<b>As at March 31, 2017</b>	<b>267,103</b>	<b>252,833</b>	<b>1,853</b>	<b>521,789</b>

## STOMPY BOT CORPORATION

### Notes to the Condensed and Consolidated Interim Financial Statements for the Quarter Ending March 31, 2017 and 2016 (Expressed in Canadian dollars)

#### 8. INTANGIBLES (continued)

Development costs are capitalized based on the criteria in IAS 38 – Intangible Assets and the corresponding testing revenue is offset against these costs. Once commercialization of the game is reached, these costs and corresponding revenue will be systematically recognized in the Statement of Comprehensive Income (Loss) over the expected life of the game, estimated at four years.

Development expense in the quarter ended March 31, 2017 was \$23,601 (2016 - \$nil).

#### 9. COMMITMENTS AND CONTINGENCIES

The Company's license and development agreements require either future contractual payments or commitments to remit a percentage of royalties. The following analysis reflects the Company's contractual obligations as at March 31, 2017.

An analysis of the Company's cash commitments are as follows

Due in 2017	Due 2018-2020
\$	\$
US\$ 116,000	-

The Company has committed to share royalties of future game sales as follows:

	Heavy Gear <sup>1&amp;2</sup>	Sabotage	Locke & Key <sup>3</sup>	Armoured Cock
Minimum Royalties	20%	15%	10%	0%

<sup>1</sup>In addition to minimum royalties, there is a sales distribution royalty for Heavy Gear on the Steam Distribution platform of 25%.

<sup>2</sup>The Company has also received advance payments from Nvidia, to develop Heavy Gear for PC. The Company has received US\$15,000 and will receive US\$35,000 subject to completing certain milestones.

<sup>3</sup>The Company is currently in breach of its agreement due to non-payment of CD\$150,458.

In the ordinary course of operating the Company's business, it may from time to time be subject to various claims or possible claims. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

#### 10. SUBSEQUENT EVENTS

On June 5, 2017, the Company renewed its licensing agreement with Dream Pod 9 Inc. for a further five years.