

**BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)**

**CONDENSED AND CONSOLIDATED UNAUDITED INTERIM FINANCIAL
STATEMENTS**

For the Three and Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

**BLOCPLOY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
June 30, 2018**

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 condensed and consolidated 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.

BLOCPPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Financial Position
As at June 30, 2018 and December 31, 2017
(Expressed in Canadian dollars)

	June 30, 2018	December 31, 2017
	\$	\$
	(unaudited)	(audited)
ASSETS		
Current		
Cash	981,260	2,567,244
GST receivable	49,929	24,121
Prepaid expenses	5,511	4,579
Total current assets	1,036,700	2,595,944
Non-current		
Equipment (Note 8)	40,708	-
Intangible assets (Note 9)	815,547	816,949
Total non-current assets	856,255	816,949
Total assets	1,892,955	3,412,893
LIABILITIES AND EQUITY		
Current		
Trade payables (Note 15)	1,090,198	1,279,142
Accrued liabilities	251,637	307,637
Loan payable (Note 10)	300,000	300,000
Convertible debentures (Note 11)	-	99,426
Total current liabilities	1,641,835	1,986,205
Equity		
Share capital (Note 12)	6,739,212	6,456,403
Subscriptions receivable (Note 12)	(31,658)	-
Equity reserve (Notes 11, 12)	-	7,009
Warrant reserve (Note 12)	1,882,300	1,916,634
Share based payment reserve (Notes 12, 13)	687,025	430,597
Deficit	(9,025,759)	(7,383,955)
	251,120	1,426,688
	1,892,955	3,412,893

Nature of operations(Note 1)

Going concern (Note 2)

Subsequent events (Note 17)

On behalf of the Board of Directors on August 29, 2018:

(“signed”)
Raymond Gigliotti
 Director

(“signed”)
Alex Powell
 Director

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

BLOCPPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Comprehensive Loss
For the Three and Six Months Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue				
Revenue	\$(882)-	\$ 2,725	\$ -	\$ 12,019
Operating expenses				
Consulting fees	20,184	-	43,449	-
Depreciation (Note 8)	4,995	-	6,947	-
General and administrative	175,211	3,702	249,710	24,512
Management fees	463,654	35,645	856,019	168,990
Professional fees	66,602	28,000	65,044	81,476
Royalty expense (Note 7)	-	3,464	-	11,092
Sales and marketing	123,403	284	150,181	29,873
Development expenses (Note 9)	-	36,565	-	60,166
Share-based payment expense	61,433	-	265,893	-
	(915,482)	(107,660)	(1,637,243)	(376,109)
Other item				
Gain (loss) on foreign exchange	20	(1,791)	(4,561)	(3,195)
	20	(1,791)	(4,561)	(3,195)
Net loss and comprehensive	\$ (916,344)	\$ (106,726)	\$ (1,641,804)	\$ (367,285)
Loss per share - basic and diluted	\$ (0.005)	\$ (0.002)	\$ (0.009)	\$ (0.005)
Weighted average number of common shares outstanding - basic and diluted	175,787,171	68,117,541	175,402,574	68,040,198

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Changes in Equity
For the Six Months Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Shares Issued		Subscriptions Receivable	Equity Reserve	Warrant Reserve	Share-based Payment Reserve	Deficit	Total
	Number of Shares	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2016	67,284,208	2,772,517	-	14,494	117,680	403,890	(2,911,158)	397,423
Shares issued for cash, net (Note 12)	333,333	2,605	-	-	17,395	-	-	20,000
Shares issued for debt repayment (Note 12)	500,000	25,000	-	(1,812)	-	-	-	23,188
Shares issued for conversion of debentures (Note 11)	-	-	-	4,110	1,468	-	-	5,578
Net loss for the period	-	-	-	-	-	-	(367,285)	(367,285)
Balance, June 30, 2017	68,117,541	2,800,122	-	16,792	136,543	403,890	(3,278,443)	78,904
Balance, December 31, 2017	172,336,367	6,456,403	-	7,009	1,916,634	430,597	(7,383,955)	1,426,688
Share issue costs	-	(2,500)	-	-	-	-	-	(2,500)
Exercise of options (Note 13)	250,000	36,119	-	-	-	(9,465)	-	26,654
Exercise of warrants (Note 12)	1,184,213	142,755	(31,658)	-	(34,334)	-	-	76,763
Shares issued for conversion of debentures (Note 11)	2,016,591	106,435	-	(7,009)	-	-	-	99,426
Share-based payments (Note 13)	-	-	-	-	-	265,893	-	265,893
Net loss for the period	-	-	-	-	-	-	(1,641,804)	(1,641,804)
Balance, June 30, 2018	175,787,171	6,739,212	(31,658)	-	1,882,300	687,025	(9,025,759)	251,120

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BLOCPPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Condensed and Consolidated Interim Statements of Cash Flows
For the Six Months Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	2018	2017
	\$	\$
Operating activities		
Loss for the period	(1,641,804)	(367,285)
Adjustment to reconcile net loss to cash used in operating activities:		
Share-based payments	265,893	-
Depreciation	6,947	-
Changes in non-cash working capital:		
GST receivable	(25,808)	12,692
Prepaid expenses	(932)	30,152
Testing revenue	1,402	-
Advanced royalties	-	7,628
Trade payables and accrued liabilities	(244,944)	109,708
Cash used in operating activities	(1,639,246)	(207,105)
Investing activities		
Purchase of intangible assets	-	(115,093)
Purchase of equipment	(47,655)	-
Cash used in investing activities	(47,655)	(115,093)
Financing activities		
Issuance of capital stock	-	45,000
Issuance of convertible debentures, net	-	25,000
Share issue costs	(2,500)	-
Exercise of warrants	76,763	-
Exercise of options	26,654	-
Cash provided from financing activities	100,917	70,000
Decrease in cash	(1,585,984)	(252,198)
Cash, beginning of period	2,567,244	267,492
Cash, end of period	981,260	15,294

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

BLOCPLAY ENTERTAINMENT INC.
(formerly STOMPY BOT CORPORATION)
Notes to the Condensed and Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2018 and 2017
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(Unaudited)

1. NATURE OF OPERATIONS

BlocPlay Entertainment Inc. (formerly Stompy Bot Corporation, the “Company”) was incorporated under the British Columbia Business Corporations Act (“BCBCA”) on October 30, 2014. The Company is a developer of platforms and video game publisher that publishes video games that the Company either develop internally or engage a video game developer to develop for them. The Company’s registered office is located at #708 - 1155 West Pender, Vancouver, British Columbia, V6E2P4, Canada. The Company’s shares trade on the Canadian Securities Exchange under the symbol “PLAY”.

On February 1, 2018, the Company changed its name to “BlocPlay Entertainment Inc.”, in order to better reflect its existing business and future prospects.

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 six months ended June 30, 2018 of \$1,641,804. The Company’s cumulative deficit was \$9,025,759 as of June 30, 2018. As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. During the period ended June 30, 2018, the Company raised gross proceeds of \$103,417 through the issuance of 1,434,213 common shares from the exercise of warrants and options; however, there is no guarantee of the Company’s ability to obtain future financing. These conditions cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt offerings and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The condensed and consolidated unaudited interim financial statements have been prepared in accordance with IAS 34 – Interim Financial reporting on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These condensed and consolidated unaudited interim financial statements were approved and authorized by the Board of Directors of the Company on August 29, 2018.

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3. BASIS OF PREPARATION(continued)

3.2 Basis of consolidation

These condensed and consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, TokenPlay Inc. ("TokenPlay"), which was acquired on December 22, 2017 (Note 14). All inter-company transactions and balances have been eliminated upon consolidation.

3.3 Basis of presentation

The condensed and consolidated interim financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 4.

3.4 Use of management estimates, judgments and measurement uncertainty

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

Going concern

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

Calculation of share-based payments

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

Capitalization of intangible assets

Management evaluates the progress of video game development activities in order to determine if the criteria of capitalizing those costs under IAS 38 – Intangible Assets have been met. Costs are only capitalized when the technical feasibility of the project is established, the Company has identified a market for the video games and platforms which will generate revenue, the Company has established an adequate plan that identifies the technical resources to complete the project and expenses related to the development project can be reliably measured.

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3. BASIS OF PREPARATION(continued)

3.5 New and revised standards

New standards and interpretations to be adopted in future periods

At the date of authorization of these condensed and consolidated interim financial statements, the IASB and IFRS Interpretations Committee (IFRIC) have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 16, Leases (“IFRS 16”) was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management has determined that IFRS 16 is not expected to have any impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Change in accounting policies - Revenue recognition

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

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

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) as of January 1, 2018. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As the Company has no revenue, no impact on the Company’s condensed consolidated interim financial statements has resulted.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.2 Earnings per share

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

4.3 Share-based payments

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

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

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

4.4 Taxation

Income tax (expense) recovery represents the sum of tax currently payable or recoverable and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the consolidated statement of financial position.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

4.4 Taxation (continued)

Deferred tax

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.5 Change in accounting policies - Financial instruments

The Company has adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company’s new accounting policy for financial instruments under IFRS 9.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

4.5 Change in accounting policies - Financial instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Receivables, taxes receivable	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost
Convertible debentures	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on January 1, 2018.

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Change in accounting policies - Financial instruments (continued)

(ii) Measurement (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of net (loss) income. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net (loss) income.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Foreign currency transactions

Functional and presentation currency

The functional currency of the Company and its subsidiary is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4.7 Intangible assets

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

5. CAPITAL MANAGEMENT

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

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

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

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

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6. FAIR VALUE AND FINANCIAL RISK FACTORS

Fair value of financial instruments

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

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

Cash is measured using Level One inputs.

As at June 30, 2018 and December 31, 2017, both the carrying and fair value amounts of the Company's cash, trade and other payables, and convertible debentures 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. 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 is minimal. The Company's maximum exposure to credit risk as at June 30, 2018 and December 31, 2017 is the carrying value of cash.

Liquidity risk

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

Market risk

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

Interest rate risk

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

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6. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

Foreign currency risk

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

Other price risk

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

7. ADVANCED ROYALTIES

The Company made advanced royalty payments under two agreements. Under a development agreement Studio Mektek Inc. (“Mektek”) will develop and create products for the Company. The Company agreed to advance certain funds to Mektek 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. During the year ended December 31, 2017, the Company terminated the agreement with Mektek and recognized a write-off of the advanced royalty of \$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. During the year ended December 31, 2017, the license was renewed for an additional 5 years and the remaining balance of royalty was expensed, resulting in total royalty expense of \$11,092.

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8. EQUIPMENT

	Office Equipment
	\$
Cost	
As at December 31, 2017	-
Additions	51,223
Write-off	(4,461)
As at June 30, 2018	46,762
Accumulated depreciation	
As at December 31, 2017	-
Charges	6,947
Write-off	(893)
As at June 30, 2018	6,054
Net book value	
As at December 31, 2017	-
As at June 30, 2018	40,708

9. INTANGIBLE ASSETS

	Heavy Gear Development	Sabotage License	Bit Raider License	TokenPlay. com	Total
	\$	\$	\$	\$	\$
Cost					
As at December 31, 2016	284,910	166,582	1,853	-	453,345
Additions (Note 14)	247,361	107,596	-	26,000	380,957
Testing revenue	(15,500)	-	-	-	(15,500)
Development expense	-	-	(1,853)	-	(1,853)
As at December 31, 2017	516,771	274,178	-	26,000	816,949
Testing revenue	(1,402)	-	-	-	(1,402)
As at June 30, 2018	515,369	274,178	-	26,000	815,547

Development costs are capitalized based on the criteria in IAS 38 – Intangible Assets and any 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 consolidated statement of comprehensive loss over the expected life of the game, estimated at four years.

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9. INTANGIBLE ASSETS(continued)

The Company secured employment funding through the Province of New Brunswick's Workforce Expansion Program and the One Pledge Fund facilitated through Opportunities New Brunswick. This program provides employment subsidization of \$10/hour for 52 weeks per eligible employee. During the year ended December 31, 2017, the Company received \$12,400 in wage subsidies, which has been offset against expenditures capitalized to intangible assets.

10. LOAN PAYABLE

During the year ended December 31, 2016, the Company signed a partnership agreement with the Canada Media Fund ("CMF") and has secured development funding for up to \$300,000 for Sabotage development. This funding is subject to certain conditions and may be repayable if certain conditions are not met. The funding may, at the option of the Company, be converted into a recoupable investment where CMF could be entitled to a percentage of the project's revenues or profits. The terms of this investment would be negotiated by the Company and CMF under a separate agreement. During the year, the Company received \$60,000 of the total funding available. The balance payable to CMF at June 30, 2018 was \$300,000 (December 31, 2017- \$300,000) and is non-interest bearing.

11. CONVERTIBLE DEBENTURES

During the year ended December 31, 2016, the Company issued 200 debentures and 1,600,000 warrants raising gross proceeds of \$200,000. Each debenture was issued at a price of \$1,000 and consisted of 8,000 common share purchase warrants. Each warrant entitled the holder to acquire one common share in the capital of the Company at a price of \$0.05 per common share for two years from the date of issuance. The debentures have an interest rate of 12% per year, calculated semi-annually from their date of issuance and will mature on the date that is one year from the date of issuance. A total of \$19,671 (\$14,494 equity and \$5,177 attributable to warrants) has been recognized in equity assuming a 1 year maturity and a discount rate of 20%. At the option of the holder, principal and accrued interest under the debentures convertible into common shares of the Company (the "Conversion Shares") at a conversion price of \$0.05 per Conversion Share.

During the year ended December 31, 2017, the Company issued 50 debentures and 400,000 warrants raising gross proceeds of \$50,000. Each debenture was issued at a price of \$1,000, and consisted of 8,000 common share purchase warrants. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of \$0.05 per common share for two years from their date of issuance. The debentures have an interest rate of 12% per year, calculated semi-annually from their date of issuance and will mature on the date that is one year from the date of issuance. A total of \$5,577 (\$4,110 equity and \$1,467 attributable to warrants) has been recognized in equity assuming a 1 year maturity and a discount rate of 20%. At the option of the holder, principal and accrued interest under the debenture is convertible into common shares of the Company at a conversion price of \$0.05 per Conversion share.

Proceeds raised from the offerings were used to fund development of the Company's videogames, and for general working capital purposes.

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11. CONVERTIBLE DEBENTURES (continued)

The debentures, the warrants, the Conversion Shares issuable upon any principal conversion, and the warrant Shares issuable upon exercise of the warrants are subject to a statutory four months and one day hold period.

During the year ended December 31, 2017, \$179,401 (principal plus interest) of the convertible debentures were converted into 3,588,012 common shares (Note 12).

On January 17, 2018, the outstanding balance of convertible debentures of \$99,426 (principal plus interest) was converted into 2,016,591 common shares (Note 12).

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning	99,426	180,329
Proceeds from issuance of convertible debentures	-	50,000
Amount allocated to equity on issuance of convertible debentures	-	(5,577)
Interest expense	-	54,075
Amount converted to common shares	(99,426)	(179,401)
Balance, ending	-	99,426

12. SHARE CAPITAL

Authorized: An unlimited number of common shares.

a) Issued and outstanding:

	Number of Shares	Amount
		\$
Balance, December 31, 2016		
Common shares issued	67,284,208	2,772,517
Balance, December 31, 2017		
Common shares issued	172,336,367	6,456,403
Balance, June 30, 2018		
Common shares issued	175,787,171	6,739,212

As at December 31, 2015, the Company had 450,000 shares to be issued for cash, for gross proceeds of \$36,000. During the year ended December 31, 2016, those shares were issued at \$0.08 per share.

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12. SHARE CAPITAL (continued)

a) Issued and outstanding: (continued)

During the year ended December 31, 2016, 250,000 shares were issued at \$0.08 for gross proceeds of \$20,000. For each share issued, an equivalent warrant is available for purchase at \$0.12, expiring in 24 months of purchase. During the same period, 2,420,006 shares were issued at \$0.06 for gross proceeds of \$145,250. For each share issued a one-half warrant is available for purchase at \$0.10, expiring in 18 months of purchase. During the same year, 5,210,870 shares were issued for debt conversion equivalent to \$260,543.

During the year ended December 31, 2017, the Company issued a total of 333,333 units at a price of \$0.06 per unit for gross proceeds of \$20,000, including a half share purchase warrant to acquire one common share of \$0.10 within eighteen months. The fair value attributed to the warrants was \$7,241 using the relative fair value method.

On November 29, 2017, the Company closed its non-brokered private placement for gross proceeds of \$2,000,000 through the issuance of 40,000,000 units of the Company at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.10 for a period of twenty-four months following the date of issuance. The fair value attributed to the warrants was \$931,454 using the relative fair value method. In connection with the closing of the private placement, the Company paid a cash commission equal to 7% of the gross proceeds in the amount of \$140,000 and also issued an aggregate of 2,800,000 finder warrants with a fair value of \$538,236, each finder warrant entitling the holder to acquire one common share at a price of \$0.05 for a period of twenty-four months from the date of issuance. The Company incurred additional cash share issuance costs of \$16,746 related to this private placement.

During the year ended December 31, 2017, the Company issued a total of 60,399,982 common shares and 18,861,836 share purchase warrants for the acquisition of TokenPlay. The warrants are exercisable at \$0.10 per share for two years (Note 14).

During the year ended December 31, 2017, the Company issued a total of 480,832 common shares from exercise of warrants for gross proceeds of \$40,083, and 250,000 common shares from exercise of options for gross proceeds of \$10,500.

During the year ended December 31, 2017, the Company issued 3,588,012 common shares on conversion of convertible debentures with a fair value of \$179,401. An amount of \$11,595 was transferred from equity portion of convertible debentures to share capital (Note 11).

During the period ended June 30, 2018, the Company issued 1,184,213 common shares for warrants exercised at exercise prices ranging between \$0.05 and \$0.12 for gross proceeds of \$108,421, of which \$31,658 is still receivable. The Company issued 250,000 common shares for options exercised at \$0.11 for proceeds of \$26,654.

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12. SHARE CAPITAL (continued)

a) Issued and outstanding: (continued)

During the period ended June 30, 2018, the Company issued 2,016,591 common shares on conversion of convertible debentures with a fair value of \$99,426. An amount of \$7,009 was transferred from equity portion of convertible debentures to share capital (Note 11).

b) Warrants:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2016	8,132,376	0.10
Warrants issued	62,228,502	0.10
Warrants cancelled	(5,047,374)	0.12
Warrants exercised	(480,832)	0.08
Balance, December 31, 2017	64,832,672	0.10
Warrants exercised	(240,000)	0.05
Warrants exercised	(100,000)	0.12
Warrants exercised	(844,213)	0.10
Warrants expired	(125,000)	0.12
Warrants expired	(480,000)	0.05
Warrants expired	(939,170)	0.10
Balance, June 30, 2018	62,104,289	0.10

Warrants to acquire common shares outstanding were as follows:

Issuance Date	Number of Warrants	Weighted Average Exercise Price	Expiry Dates
		\$	
December 22 to December 30, 2016	720,000	0.05	July 15 to October 21, 2018
January 25, 2017	166,666	0.10	July 25, 2018
March 31, 2017	400,000	0.05	March 31, 2019
November 28, 2017	39,472,367	0.10	November 28, 2019
November 28, 2017	2,800,000	0.05	November 28, 2019
December 22, 2017	18,545,256	0.10	December 22, 2019
	62,104,289	0.10	

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12. SHARE CAPITAL (continued)

b) Warrants: (continued)

The fair value of the warrants issued was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	December 31, 2017	December 31, 2016
Expected life	18 - 24 months	12 - 18 months
Expected volatility	100% to 257%	233% to 246%
Risk-free interest rate	0.75% to 1.64%	0.49%
Dividend	Nil	Nil
Underlying share price	\$0.02 - \$0.21	\$0.02 - \$0.05
Strike price	\$0.05 - \$0.10	\$0.05

c) Reserves

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

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

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

13. STOCK OPTIONS

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

	Number of Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2016	6,306,272	0.07
Options granted	1,000,000	0.20
Options exercised	(250,000)	0.05
Balance, December 31, 2017	7,056,272	0.09
Options granted	1,900,000	0.10
Options exercised	(250,000)	0.11
Balance, June 30, 2018	8,706,272	0.10

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13. STOCK OPTIONS (continued)

The following table provides additional information about outstanding stock options at June 30, 2018:

Issuance Date	Number of Outstanding Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price – Exercisable Options
August 14, 2014	2,376,272	2.13	\$0.107	2,376,272	\$0.107
September 2, 2016	3,430,000	8.18	\$0.050	3,430,000	\$0.050
November 17, 2017	1,000,000	1.38	\$0.200	750,000	\$0.200
February 9, 2018	1,100,000	4.62	\$0.100	1,100,000	\$0.100
February 23, 2018	400,000	4.65	\$0.100	400,000	\$0.100
April 10, 2018	400,000	4.78	\$0.100	400,000	\$0.100
	8,706,272	4.98	\$0.100	8,456,272	\$0.100

On September 2, 2016, the Company granted 3,680,000 stock options to officers, directors and consultants, exercisable at \$0.05 for a period of 10 years.

On November 17, 2017, the Company granted 1,000,000 stock options to an investor relations consultant, exercisable at \$0.20 for a period of 2 years. The options vest 25% on the date of grant and 25% every three months following grant date.

On February 2018, the Company granted 1,500,000 stock options to certain directors, officers and consultants of the Company, which are exercisable at \$0.10 per share for a period of five years. These options vest immediately on the date of grant.

On April 10, 2018, the Company granted 400,000 options to purchase common shares of the Company exercisable at a price of \$0.10 per share and expiring on April 10, 2023, to a director and officer of the Company.

For the period ended June 30, 2018, the Company recognized share-based payment expense of \$265,893 (2017 - \$Nil).

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13. STOCK OPTIONS (continued)

The fair value of the options granted during the six months ended June 30, 2018 and the year ended December 31, 2017 was estimated using the Black Sholes Option Pricing Model with the following assumptions:

	June 30, 2018	December 31, 2017
Expected life	5 years	2 years
Expected volatility	160.53% - 242.17%	100%
Risk-free interest rate	1.99% - 2.00%	1.44%
Dividend yield	Nil	Nil
Underlying share price	\$0.05 - \$0.12	\$0.18
Exercise price	\$0.10	\$0.20
Vesting	immediately at grant date	¼ each quarter

14. ACQUISITION

On December 22, 2017, the Company closed the acquisition of all the issued and outstanding securities of TokenPlay, a private Ontario corporation, for the issuance of: (i) 58,999,982 common shares of the Company with a fair value of \$2,949,999; and (ii) 18,861,836 common share purchase warrants with a fair value of \$341,634 (Note 12). Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of \$0.10 per share for two years from the date of issue. TokenPlay is now a wholly-owned subsidiary of the Company.

TokenPlay is a technology company involved in the development of blockchain technology in the video game space which will seek to provide a platform for the exchange of in-game currencies and tokens. TokenPlay does not currently have any revenues.

In connection with the acquisition, the Company paid a finder's fee to First Canadian Capital Corp., in the form of the issuance of 1,400,000 common shares of the Company with a fair value of \$70,000 (Note 12).

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination, as the primary asset is an intangible asset for Tokenplay.com, which was not fully developed and was not operational at the time of acquisition. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from TokenPlay are included in the consolidated financial statements since the date of acquisition.

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14. ACQUISITION (continued)

The acquisition of TokenPlay included certain intellectual property including the TokenPlay.com domain name, the TokenPlay trademark, and the TokenPlay White Paper, which is a technical architecture and summary of the TokenPlay business model. The domain name and trademark have been recognized as intangible assets totaling \$26,000. The White Paper did not meet the criteria for capitalization under IAS 38 – Intangible Assets, therefore the excess fair value of consideration over identifiable net assets acquired of \$3,078,589 was included in technology acquisition expense for the year ended December 31, 2017.

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as the date of acquisition:

	\$
Fair value of common shares issued (58,999,982 shares)	2,949,999
Fair value of finder's shares issued (1,400,000 shares)	70,000
Fair value of warrants issued (18,861,836 warrants)	341,634
Total purchase consideration	3,361,633
Cash	523,937
HST receivable	2,201
Intellectual property (Note 9)	26,000
Accounts payable	(269,094)
Net assets acquired	283,044
Excess of consideration over net assets acquired	3,078,589

The fair value of the warrants was determined using the Black-Scholes Option Pricing model using the following assumptions:

Average risk-free interest rate	1.64%
Expected share price volatility	100%
Expected life	2 years
Expected dividend yield	0%

15. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2018, the Company incurred management fees of \$105,000 (2017 - \$24,014) from directors of the Company.

During the six months ended June 30, 2018, the Company incurred management fees of \$102,746 (2017 - \$Nil) from former directors of the Company.

During the six months ended June 30, 2018, the Company incurred management fees of \$65,045 (2017 - \$15,000) from a company controlled by a former director.

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15. RELATED PARTY TRANSACTIONS (continued)

The transactions are in the normal course of business and have been valued in these unaudited condensed and consolidated interim financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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

	June 30, 2018	June 30, 2017
	\$	\$
Short-term employee benefits	272,791	39,014
Total compensation to key management	272,791	39,014

Included in trade and other payables as at June 30, 2018 are amounts of \$334,945 (December 31, 2017 - \$252,375) due to directors and former directors of the Company and companies with common directors. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

16. COMMITMENTS AND CONTINGENCIES

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

	Heavy Gear ¹	Sabotage ^{1&2}	Locke & Key ³	Armoured Cock
Royalties	20%	15%	10%	10%

¹In addition to minimum royalties, there is a sales distribution royalty for Heavy Gear and Sabotage on the Company's own website of 0% or on the Steam Distribution platform of 30%.

²The minimum royalties are 15% on gross revenue.

³The Company is currently in breach of its agreement due to non-payment of \$150,458 (US\$116,000), which is included in accounts payable.

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.

17. SUBSEQUENT EVENT

No subsequent event.