

# **Gamelancer Media Corp.**

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp.  
and Transglobe Internet and Telecom Co. Ltd.)

## **Condensed Consolidated Interim Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited)

# Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2022 and December 31, 2021

(Expressed in Canadian dollars - Unaudited)

|  | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
|  | \$                 | \$                |
| <b>Assets</b>                                |                    |                   |
| Current assets                               |                    |                   |
| Cash   | 412,627            | 3,752,581         |
| Receivables (Note 5)                         | 1,644,710          | 367,327           |
| Inventory                                    | 89,042             | -                 |
| Prepaid expenses and deposits                | 218,709            | 303,428           |
|  | <b>2,365,088</b>   | <b>4,423,336</b>  |
| Restricted cash                              | 50,000             | 50,000            |
| Deposits                                     | 4,425              | 4,425             |
| Property and equipment                       | 2,480              | 4,645             |
| Right-of-use asset (Note 6)                  | -                  | 22,291            |
| Intangible assets (Note 7)                   | 937,229            | 1,114,760         |
| Goodwill (Note 11)                           | 43,758,400         | 2,228,451         |
|  | <b>47,117,622</b>  | <b>7,847,908</b>  |
| <b>Liabilities</b>                           |                    |                   |
| Current liabilities                          |                    |                   |
| Accounts payable and accrued liabilities     | 2,812,125          | 1,619,923         |
| Deferred revenue                             | 157,743            | 46,305            |
| Due to related parties                       | 301,761            | 10,500            |
| Lease liability (Note 6)                     | -                  | 20,999            |
| Deferred consideration (Note 10)             | 6,815,403          | -                 |
| Contingent consideration liability (Note 10) | 1,029,955          | -                 |
|  | <b>11,116,987</b>  | <b>1,697,727</b>  |
| <b>Shareholders' Equity</b>                  |                    |                   |
| Common shares (Note 13)                      | 49,289,952         | 16,915,434        |
| Warrant reserve (Note 14)                    | 2,167,781          | 804,722           |
| Share-based benefits reserve (Note 15)       | 992,198            | 388,467           |
| Accumulated other comprehensive loss         | 2,588,010          | (163,245)         |
| Deficit                                      | (19,037,306)       | (11,795,197)      |
|  | <b>36,000,635</b>  | <b>6,150,181</b>  |
|  | <b>47,117,622</b>  | <b>7,847,908</b>  |

**Significant events (Note 21)**

**Contingent liabilities (Note 22)**

**Events after the reporting period (Note 23)**

Approved on behalf of the board of directors

[Signed]  
Director

[Signed]  
Director

**Gamelancer Media Corp.**

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

|   | Three months ended |                    | Nine months ended  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | September 30,      |                    | September 30,      |                    |
|   | 2022               | 2021               | 2022               | 2021               |
|   | \$                 | \$                 | \$                 | \$                 |
| <b>Revenues</b>   | <b>1,330,556</b>   | -                  | <b>1,920,923</b>   | -                  |
| <b>Expenses</b>   |                    |                    |                    |                    |
| Consultants and subcontractors                                  | 970,395            | 500,151            | 2,869,891          | 1,071,373          |
| Share-based payments (Note 16)                                  | 358,841            | 104,846            | 1,263,786          | 610,152            |
| Professional fees (Note 12)                                     | 262,955            | 76,565             | 1,078,470          | 544,037            |
| General and administrative                                      | 410,380            | 217,467            | 1,099,438          | 512,015            |
| Advertising and promotion                                       | 326,995            | 98,190             | 964,570            | 238,922            |
| Salaries, wages and benefits                                    | 167,152            | 201,485            | 548,833            | 360,077            |
| Depreciation and amortization<br>(Notes 6 and 7)                | 26,104             | 11,149             | 164,532            | 33,444             |
| Foreign exchange loss   | (77,376)           | -                  | 120,526            | -                  |
| Finance costs, net (Note 17)                                    | 33,686             | (969)              | 65,393             | 194,071            |
| Listing expense (Note 21)                                       | -                  | -                  | -                  | 3,179,576          |
| Research and development  | -                  | 267,562            | -                  | 710,040            |
| Impairment loss on intangible assets<br>(Note 7)                | 987,593            | -                  | 987,593            | 170,000            |
| Loss on revaluation of conversion option<br>liability (Note 12) | -                  | -                  | -                  | 8,000              |
|   | <b>3,466,725</b>   | <b>1,476,446</b>   | <b>9,163,032</b>   | <b>7,631,707</b>   |
| <b>Net loss</b>   | <b>(2,136,169)</b> | <b>(1,476,446)</b> | <b>(7,242,109)</b> | <b>(7,631,707)</b> |
| <b>Other comprehensive income</b>                               |                    |                    |                    |                    |
| Item that may be reclassified subsequently to loss:             |                    |                    |                    |                    |
| Exchange difference on translating<br>foreign operations        | 2,736,909          | -                  | 2,751,255          | -                  |
| <b>Total comprehensive income (loss)</b>                        | <b>600,740</b>     | <b>(1,476,446)</b> | <b>(4,490,854)</b> | <b>(7,631,707)</b> |
| Basic and diluted loss per share                                | -                  | (0.01)             | (0.02)             | (0.06)             |
| Weighted average number of common<br>shares outstanding         | <b>440,216,614</b> | <b>164,668,424</b> | <b>345,162,329</b> | <b>129,706,414</b> |

## Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

|   | Common<br>shares  | Warrant<br>reserve | Share-based<br>benefits<br>reserve | Deficit             | Accumulated<br>other<br>comprehensive<br>income (loss) | Total<br>shareholders'<br>equity |
|---|-------------------|--------------------|------------------------------------|---------------------|--|----------------------------------|
|   | \$                | \$                 | \$                                 | \$                  | \$   | \$                               |
| Balance, December 31, 2020  | 2,495,714         | 13,400             | -                                  | (2,215,871)         | -  | 293,243                          |
| Issue of common shares and warrants on conversion of<br>subscription receipts (Note 13(i))                                      | 8,377,385         | 440,915            | -                                  | -                   | -  | 8,818,300                        |
| Issue of Finders' Units for services received in connection<br>with the private placement of subscription receipts (Note 14(i)) | -                 | 132,233            | -                                  | -                   | -  | 132,233                          |
| Issue of warrants for services received in connection with<br>the private placement of Units (Note 14(ii))                      | -                 | 3,200              | -                                  | -                   | -  | 3,200                            |
| Issue of common shares for consulting services received (Note 13(ii))   | 20,000            | -                  | -                                  | -                   | -  | 20,000                           |
| Issue of warrants for consulting services received (Note 14(iii))   | -                 | 219,617            | -                                  | -                   | -  | 219,617                          |
| Issue of common shares on reverse takeover to shareholders<br>of Transglobe Internet and Telecom Co. Ltd. (Note 21)             | 3,156,295         | -                  | -                                  | -                   | -  | 3,156,295                        |
| Issue of common shares on acquisition of Enterprise Gaming<br>Canada Inc. (Note 8)  | 1,097,460         | -                  | -                                  | -                   | -  | 1,097,460                        |
| Issue of common shares on acquisition of Hot Dot Media Inc. (Note 9)  | 2,229,760         | -                  | -                                  | -                   | -  | 2,229,760                        |
| Issue of common shares on conversion of convertible<br>debentures (Notes 12, 13)  | 355,179           | -                  | -                                  | -                   | -  | 355,179                          |
| Issue of common shares for payment of accrued interest on<br>convertible debentures (Notes 12, 13)                              | 15,479            | -                  | -                                  | -                   | -  | 15,479                           |
| Share-based compensation (Note 13(iii) and Note 15)   | 22,500            | -                  | 348,035                            | -                   | -  | 370,535                          |
| Transaction costs:  |                   |                    |                                    |                     |  |                                  |
| - paid in cash (Note 13(iv))  | (728,825)         | (38,359)           | -                                  | -                   | -  | (767,184)                        |
| - paid in warrants (Note 13(iv))  | (125,621)         | (6,612)            | -                                  | -                   | -  | (132,233)                        |
| Net loss and total comprehensive loss   | -                 | -                  | -                                  | (7,631,707)         | -  | (7,631,707)                      |
| Balance, September 30, 2021   | 16,915,326        | 764,394            | 348,035                            | (9,847,578)         | -  | 8,180,177                        |
| Balance, December 31, 2021  | 16,915,434        | 804,722            | 388,467                            | (11,795,197)        | (163,245)  | 6,150,181                        |
| Private placement of common shares and warrants (Note 13(v))  | 8,734,603         | 1,265,397          | -                                  | -                   | -  | 10,000,000                       |
| Issue of common shares on acquisition of JoyBox Media Inc.<br>(Note 9)  | 500,000           | -                  | -                                  | -                   | -  | 500,000                          |
| Issue of common shares on the acquisition of Gamelancer, Inc.<br>(Note 9)   | 22,360,000        | -                  | -                                  | -                   | -  | 22,360,000                       |
| Issue of warrants for services received in connection with<br>the private placement (Note 14(iv))                               | -                 | 97,993             | -                                  | -                   | -  | 97,993                           |
| Issue of common shares for advisory services received (Note 13(vi))   | 360,000           | -                  | -                                  | -                   | -  | 360,000                          |
| Issue of warrants for consulting services received (Note 14(iii))   | -                 | 60,055             | -                                  | -                   | -  | 60,055                           |
| Share-based compensation (Note 15)  | -                 | -                  | 843,731                            | -                   | -  | 843,731                          |
| Issue of common shares on exercise of stock options (Note 13(vii))  | 840,000           | -                  | (240,000)                          | -                   | -  | 600,000                          |
| Issuance costs:   |                   |                    |                                    |                     |  |                                  |
| - paid in cash (Note 13(viii))  | (334,566)         | (47,912)           | -                                  | -                   | -  | (382,478)                        |
| - paid in warrants (Note 13(viii))  | (85,519)          | (12,474)           | -                                  | -                   | -  | (97,993)                         |
| Net loss and total comprehensive loss   | -                 | -                  | -                                  | (7,242,109)         | 2,751,255  | (4,490,854)                      |
| <b>Balance, September 30, 2022</b>  | <b>49,289,952</b> | <b>2,167,781</b>   | <b>992,198</b>                     | <b>(19,037,306)</b> | <b>2,588,010</b>                                       | <b>36,000,635</b>                |

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

# Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

|   | Nine months ended  |                  |
|---|--------------------|------------------|
|   | September 30,      |                  |
|   | 2022               | 2021             |
|   | \$                 | \$               |
| <b>Cash flows used in operating activities</b>  |                    |                  |
| Net loss  | (7,242,109)        | (7,631,707)      |
| Adjustments for:  |                    |                  |
| Listing expense (Note 21)   | -                  | 3,179,576        |
| Share-based payments (Note 16)  | 1,263,786          | 610,152          |
| Finance costs, net (Note 17)  | 65,393             | 194,071          |
| Impairment loss on intangible assets (Note 7)   | 987,593            | 170,000          |
| Depreciation and amortization (Notes 6 and 7)   | 164,532            | 33,444           |
| Unrealized foreign exchange loss  | 62,817             | -                |
| Loss on revaluation of conversion option liability (Note 12)                              | -                  | 8,000            |
| Issue of warrants for services received in connection with the private placement of Units | -                  | 128              |
|   | (4,697,988)        | (3,436,336)      |
| Changes in non-cash working capital items:  |                    |                  |
| Receivables   | (773,334)          | (259,795)        |
| Inventory   | (7,003)            | -                |
| Prepaid expenses and deposits   | 84,719             | (248,043)        |
| Accounts payable and accrued liabilities  | 960,033            | 477,318          |
| Deferred revenue  | 111,438            | -                |
|   | (4,322,135)        | (3,466,856)      |
| Finance costs paid  | (7,360)            | (23,253)         |
| Interest received   | -                  | 4,169            |
|   | (4,329,495)        | (3,485,940)      |
| <b>Cash flows used in investing activities</b>  |                    |                  |
| Restricted cash   | -                  | (50,000)         |
| Additions to property and equipment   | (1,259)            | (4,645)          |
| Payments for intangible assets (Note 7)   | (232,469)          | -                |
| Repayment of advances received from related parties                                       | -                  | (3,672)          |
| Net cash (outflow) / inflow from acquisition of subsidiary:                               |                    |                  |
| - Enterprise Gaming Canada Inc. (Note 8)  | -                  | 2,410            |
| - Hot Dot Media Inc. (Note 9)   | -                  | 7,678            |
| - Gamelancer, Inc. (Note 9)   | (8,839,927)        | -                |
| - JoyBox Media Inc. (Note 9)  | (131,526)          | -                |
|   | (9,205,181)        | (48,229)         |
| <b>Cash flows provided from financing activities</b>                                      |                    |                  |
| Private placement of common shares and warrants (Note 13(v))                              | 10,000,000         | -                |
| Proceeds from exercise of stock options (Note 13(vii))                                    | 600,000            | -                |
| Proceeds from issue of subscription receipts (Note 13(i))                                 | -                  | 8,818,300        |
| Proceeds from issue of Units (Note 12)  | -                  | 1,000,000        |
| Repayment of convertible debentures (Note 12)   | -                  | (700,000)        |
| Issuance costs (Note 13(viii))  | (382,478)          | -                |
| Lease payments (Note 6)   | (22,800)           | (34,200)         |
| Transaction costs   | -                  | (872,784)        |
|   | 10,194,722         | 8,211,316        |
| <b>Net (decrease) / increase in cash</b>  | <b>(3,339,954)</b> | <b>4,677,147</b> |
| Cash, beginning of period   | 3,752,581          | 263,699          |
| <b>Cash, end of period</b>  | <b>412,627</b>     | <b>4,940,846</b> |

# Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

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## 1. General information and going concern

### *General information*

Gamelancer Media Corp. (formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.) (the "Company" or "Gamelancer") was incorporated under the laws of the Province of British Columbia on June 24, 1999. The Company's principal place of business is 405-120 Carlton St., Toronto, Ontario, Canada. Gamelancer is a publicly traded company, listed on the Canadian Securities Exchange ("CSE"). Effective April 21, 2022, in connection with the acquisition of Gamelancer, Inc., the Company changed its name to Gamelancer Gaming Corp. and its CSE ticker symbol was changed to "GMNG". Effective September 27, 2022, the Company then changed its name to Gamelancer Media Corp.

As described in Note 21, the Company completed a reverse takeover transaction on May 3, 2021, pursuant to an agreement between 1Wondr Gaming Corporation and Transglobe Internet and Telecom Co. Ltd. ("Transglobe"). Pursuant to the reverse takeover transaction, 1Wondr Gaming Corporation amalgamated with a newly incorporated, wholly-owned subsidiary of Transglobe formed solely for the purpose of facilitating the reverse takeover transaction. Subsequently, Transglobe changed its name to Wondr Gaming Corp. The historical operations, assets and liabilities of 1Wondr Gaming Corporation are included as the comparative figures as at December 31, 2021, and for the three and nine months ended September 30, 2021, which is deemed to be the continuing entity for financial reporting purposes.

Gamelancer Media Corp. is a development stage technology and entertainment company providing direct advertising services to brands over its social media channels, with future programmatic advertising services planned as well as plans to build and acquire assets focused on esports loyalty and rewards programs to unite the global gaming community.

### *Going concern*

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The Company incurred a loss from operations of \$7,242,109 for the nine months ended September 30, 2022 and has an accumulated deficit of \$19,037,306 as at September 30, 2022. The Company has a working capital deficiency of \$8,751,899 at September 30, 2022. To-date, the Company has funded its operations principally through the issuance debt and equity securities. The availability of such funding in the future is subject to uncertainty. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management acknowledges that there is a significant uncertainty over the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the Company's ability to pay its liabilities; new funding to fund operations; cost savings associated with managing operating expense levels, other equity and/or debt financings, as well as the Company's ability to maintain sufficient working capital from operations. It cannot be determined at this time whether these objectives will be realized.

Management believes that the use of the going concern assumption is appropriate for these condensed consolidated interim financial statements. If the Company were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary. Such adjustments could be material to the condensed consolidated interim financial statements.

# Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

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## 2. Significant accounting policies

### *Statement of compliance*

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2021.

The condensed consolidated interim financial statements were authorized for issuance by the board of directors on November 29, 2022.

### *Basis of preparation*

The condensed consolidated interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended December 31, 2021. All financial information is presented in Canadian dollars, except share and per share amounts or as otherwise noted. The functional currency of the Company and each of its subsidiaries is the Canadian dollar, except for Wondr Gaming USA Corp. and Gamelancer, Inc. for which the functional currency is the U.S. dollar.

### *Basis of consolidation*

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries:

| Subsidiary                    | Domicile and country of incorporation                                   |
|-------------------------------|---|
| Wondr Gaming Corp.            | Ontario, Canada   |
| Enterprise Gaming Canada Inc. | Quebec, Canada  |
| Hot Dot Media Inc.            | Ontario, Canada   |
| JoyBox Media Inc.             | British Columbia, Canada  |
| Gamelancer, Inc.              | Delaware, United States of America                                      |
| Wondr Gaming USA Corp.        | Delaware, United States of America<br>(incorporated on August 30, 2021) |

On May 31, 2021, the Company acquired 100% of the issued and outstanding common shares of Enterprise Gaming Canada Inc. ("EGCI") (Note 8). On June 4, 2021, the Company acquired 100% of the issued and outstanding common shares of Hot Dot Media Inc. ("HDM") (Note 9). On March 3, 2022, the Company acquired 100% of the issued and outstanding common shares of JoyBox Media Inc. ("JoyBox") (Note 9). On April 14, 2022, the Company acquired 100% of the issued and outstanding common shares of Gamelancer Inc. (Note 9).

Each subsidiary is fully consolidated from the date of acquisition, which is when the Company obtains control, and continues to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and can use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate changes to one or more of the three elements of control listed above. The subsidiaries' financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

## **Gamelancer Media Corp.**

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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### **3. New standards, amendments and interpretations not yet adopted by the Company**

#### *IAS 1, Presentation of financial statements ("IAS 1")*

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. In July 2020, the effective date was deferred to January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

#### *IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")*

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has assessed the impact of these amendments and they have no material impact on the condensed consolidated interim financial statements.

#### *IAS 16, Property, Plant and Equipment ("IAS 16")*

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has assessed the impact of these amendments and they have no material impact on the condensed consolidated interim financial statements.

#### *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

#### *IAS 12, Income Taxes ("IAS 12")*

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12). The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

# Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

### 3. New standards, amendments and interpretations not yet adopted by the Company (continued from previous page)

#### *IFRS 9, Financial Instruments ("IFRS 9")*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Company has assessed the impact of these amendments and they have no material impact on the condensed consolidated interim financial statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the financial statements.

### 4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgments and key sources of estimation uncertainty applicable to these condensed consolidated interim financial statements are the same as those described in the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

### 5. Receivables

|                                 | <b>September 30, 2022</b> | December 31, 2021 |
|---------------------------------|---------------------------|-------------------|
|                                 | \$                        | \$                |
| Trade receivables               | <b>1,163,736</b>          | 140,098           |
| Harmonized sales tax receivable | <b>480,516</b>            | 226,771           |
| Other receivables               | <b>458</b>                | 458               |
|                                 | <b>1,644,710</b>          | 367,327           |

## Gamelancer Media Corp.

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### 6. Right-of-use asset and lease liability

In 2020, the Company entered into a lease agreement with a related party for office premises. The lessor was a company owned by a shareholder of Gamelancer. The Company recognized a right-of-use asset and corresponding lease liability upon entering into the lease. The lease liability was measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease of 12%.

The following schedule shows the movement in the Company's right-of-use asset during the period:

|  | Office premises |
|--|-----------------|
|  | \$              |
| <b>Cost</b>                                      |                 |
| Balance, December 31, 2020 and December 31, 2021 | 89,177          |
| Recognized during the period                     | -               |
| <b>Balance, September 30, 2022</b>               | <b>89,177</b>   |
| <b>Accumulated depreciation</b>                  |                 |
| Balance, December 31, 2020                       | 22,294          |
| Depreciation                                     | 44,592          |
| Balance, December 31, 2021                       | 66,886          |
| Depreciation                                     | 22,291          |
| <b>Balance, September 30, 2022</b>               | <b>89,177</b>   |
| <b>Carrying amount</b>                           |                 |
| Balance, December 31, 2021                       | 22,291          |
| <b>Balance, September 30, 2022</b>               | <b>-</b>        |

The right-of-use asset was being depreciated on a straight-line basis over the remaining lease term, which ended on July 14, 2022. During the nine months ended September 30, 2022, the Company recognized depreciation expense of \$22,291 (Nine months ended September 30, 2021 - \$33,444), included in the line item 'depreciation and amortization' in the condensed consolidated interim statements of loss and comprehensive loss.

The following schedule shows the movement in the Company's lease liability during the period:

|                                    | \$       |
|------------------------------------|----------|
| Balance, December 31, 2020         | 63,797   |
| Interest expense                   | 2,802    |
| Lease payments                     | (45,600) |
| Balance, December 31, 2021         | 20,999   |
| Interest expense                   | 1,801    |
| Lease payments                     | (22,800) |
| <b>Balance, September 30, 2022</b> | <b>-</b> |

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### 7. Intangible assets

|   | NFT platform     | Gaming<br>rewards<br>and loyalty<br>platform | Domain<br>names | Technology     | Total            |
|---|------------------|--|-----------------|----------------|------------------|
|   | \$               | \$   | \$              | \$             | \$               |
| <b>Cost</b>   |                  |  |                 |                |                  |
| Balance, December 31, 2020                            | -                | 170,000                                      | 13,701          | -              | 183,701          |
| Additions (Note 8)                                    | 1,134,667        | -  | 4,214           | -              | 1,138,881        |
| Balance, December 31, 2021                            | 1,134,667        | 170,000                                      | 17,915          | -              | 1,322,582        |
| Additions   | -                | -  | 134,050         | 98,419         | 232,469          |
| Acquisition of Gamelancer, Inc. (Note 9)              | -                | -  | -               | 656,070        | 656,070          |
| Effect of foreign exchange rate changes               | -                | -  | -               | 61,844         | 61,844           |
| <b>Balance, September 30, 2022</b>                    | <b>1,134,667</b> | <b>170,000</b>                               | <b>151,965</b>  | <b>816,333</b> | <b>2,272,965</b> |
| <b>Accumulated amortization and impairment losses</b> |                  |  |                 |                |                  |
| Balance, December 31, 2020                            | -                | -  | -               | -              | -                |
| Amortization  | 37,822           | -  | -               | -              | 37,822           |
| Impairment loss                                       | -                | 170,000                                      | -               | -              | 170,000          |
| Balance, December 31, 2021                            | 37,822           | 170,000                                      | -               | -              | 207,822          |
| Amortization  | 113,466          | -  | -               | 25,351         | 138,817          |
| Impairment loss                                       | 983,379          | -  | 4,214           | -              | 987,593          |
| Effect of foreign exchange rate changes               | -                | -  | -               | 1,504          | 1,504            |
| <b>Balance, September 30, 2022</b>                    | <b>1,134,667</b> | <b>170,000</b>                               | <b>4,214</b>    | <b>26,855</b>  | <b>1,335,736</b> |
| <b>Carrying amount</b>                                |                  |  |                 |                |                  |
| Balance, December 31, 2021                            | <b>1,096,845</b> | -  | <b>17,915</b>   | -              | <b>1,114,760</b> |
| <b>Balance, September 30, 2022</b>                    | <b>-</b>         | <b>-</b>                                     | <b>147,751</b>  | <b>789,478</b> | <b>937,229</b>   |

In September 2022, the Company decided to discontinue the development of its NFT platform. Accordingly, the Company recognized an impairment loss of \$987,593 related to the carrying amount of the NFT platform and associated domain names.

In 2021, the Company carried out a review of the recoverable amount of its internally generated gaming rewards and loyalty platform. The review resulted in the recognition of an impairment loss of \$170,000, representing the accumulated cost of materials and services used and consumed in development phase activity.

### 8. Acquisition of Enterprise Gaming Canada Inc.

On May 31, 2021, the Company acquired 100% of the voting equity interests in Enterprise Gaming Canada Inc. ("EGCI") in exchange for 4,000,000 common shares of Wondr. At the time of the transaction, EGCI was developing a proprietary non-fungible token ("NFT") platform leveraging Ethereum. The fair value of the Wondr shares issued as consideration was estimated to be \$1,097,460 on the date of the transaction. All common shares issued in connection with the transaction are subject to a four-month and one day re-sale restriction and an 18-month voluntary escrow agreement between the selling shareholders of EGCI and the Company.

IFRS 3 *Business Combinations* ("IFRS 3") includes an optional fair value concentration test to permit a simplified assessment of whether an acquired group is not a business (i.e. asset acquisition). An entity may elect the optional concentration test on a transaction-by-transaction basis. The concentration test identifies the acquired group is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets.

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### 8. Acquisition of Enterprise Gaming Canada Inc. (continued from previous page)

Management applied the optional fair value concentration test with respect to the acquisition of EGCI and determined that substantially all of the fair value of the gross assets acquired was concentrated in the technology related to the NFT platform (the "NFT platform"). Accordingly, the transaction was accounted for as an asset acquisition whereby the cost of the acquired group was allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. As an asset acquisition, no amount was attributable to goodwill.

The identifiable assets acquired and liabilities recognized in connection with the transaction included:

|  | \$              |
|--|-----------------|
| Current assets                           |                 |
| Cash                                     | 2,410           |
| Non-current assets                       |                 |
| Intangible assets                        |                 |
| NFT platform                             | 1,134,667       |
| Domain name                              | 4,214           |
| Current liabilities                      |                 |
| Accounts payable and accrued liabilities | (43,831)        |
| <hr/>                                    |                 |
| Total cost of acquisition                | <hr/> 1,097,460 |

### 9. Business combinations

#### *JoyBox Media Inc.*

On March 1, 2022, the Company acquired 100% of the voting equity interests in JoyBox Media Inc. ("JoyBox"). JoyBox is a media network and marketing agency that focuses on the intersection of culture and technology. JoyBox provides best-in-class services working with celebrities, brands, and creators to create meaningful communities across digital through paid media, influencer campaigns, and viral content. The transaction has been accounted for as a business combination under the requirements of IFRS 3.

The consideration transferred in exchange for the equity interests in JoyBox includes:

|                                      | \$              |
|--------------------------------------|-----------------|
| Cash                                 | 131,526         |
| 3,333,332 common shares              | 500,000         |
| Contingent consideration arrangement | 859,281         |
| <hr/>                                |                 |
| Total                                | <hr/> 1,490,807 |

Under the contingent consideration arrangement, the Company may be required to pay the vendors the following additional amounts:

- (i) \$84,237 of cash and \$350,000 of Wondr common shares within 60 days of JoyBox generating at least \$500,000 in aggregate revenues; and
- (ii) \$84,237 of cash and \$350,000 of Wondr common shares within 60 days of JoyBox generating at least \$1,000,000 in aggregate revenues.

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### 9. Business combinations (continued from previous page)

#### *JoyBox Media Inc. (continued from previous page)*

All consideration shares are subject to a four-month and one-day re-sale restriction and a 27-month voluntary escrow agreement between the selling shareholders of JoyBox and the Company. The first 25% of the escrowed shares is to be released 18 months from the date of acquisition.

The entirety of the consideration transferred was attributed to goodwill on a provisional basis. Goodwill arose in the acquisition of JoyBox because the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development, the assembled workforce and other expected synergies. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

The initial accounting for the business combination was incomplete at September 30, 2022. Accordingly, the amounts disclosed above are provisional. To the extent that new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date, the Company will retroactively adjust the provisional amounts recognized at the acquisition date. The period over which such retroactive adjustments may be recognized will not exceed one year from the acquisition date. During this one year period, the Company may also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

#### *Gamelancer Inc.*

On April 14, 2022, the Company acquired 100% of the issued and outstanding common shares of Gamelancer, Inc. As consideration, the Company paid USD \$7,000,000 to the shareholders of Gamelancer, Inc. and issued 212,338,900 common shares of the Company. All common shares issued in connection with the transaction are subject to voluntary lock-ups of up to 36 months and a statutory four-month hold, with 10% of the common shares released on closing of the transaction and 15% released every six months thereafter for the next 36 months. Additional cash consideration of USD \$2,500,000 is due six months from the closing date of April 14, 2022 (October 14, 2022) and USD \$2,500,000 is due twelve months from the closing date (April 14, 2023). The Company also agreed to pay a further USD \$125,000 in cash contingent upon the satisfaction of certain revenue milestones being met in one of the Company's other wholly-owned subsidiaries. Furthermore, if certain future events occur, or fail to occur, in respect of future financings or resolution of contingent liabilities (Note 22), the Company may be required to pay additional cash consideration of up to \$2,250,000.

At the date of acquisition, and at September 30, 2022, the occurrence of such events is not reliably determinable. Therefore, no value has been attributed to the contingent consideration that may arise from such financings or resolution of contingent liabilities.

The transaction has been accounted for as a business combination under the requirements of IFRS 3.

The consideration transferred in exchange for the equity interests in Gamelancer, Inc. therefore includes:

|                                      |                   |
|--------------------------------------|-------------------|
|                                      | \$                |
| Cash                                 | 8,840,621         |
| Deferred cash consideration          | 6,210,716         |
| 212,338,900 common shares            | 22,360,000        |
| Contingent consideration arrangement | 154,529           |
| <b>Total</b>                         | <b>37,565,866</b> |

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### 9. Business combinations (continued from previous page)

#### *Gamelancer Inc. (continued from previous page)*

The identifiable assets acquired and liabilities recognized at the date of acquisition included:

|  |               |
|--|---------------|
|  | \$            |
| Current assets                           |               |
| Cash                                     | 694           |
| Receivables                              | 504,049       |
| Inventory                                | 82,039        |
| Non-current assets                       |               |
| Technology                               | 656,070       |
| Current liabilities                      |               |
| Accounts payable and accrued liabilities | (232,169)     |
| Due to related parties                   | (271,880)     |
| <hr/> Net identifiable assets acquired   | <hr/> 738,803 |

Goodwill arose in the acquisition of Gamelancer, Inc. because the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development, the assembled workforce and other expected synergies. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

|  |                  |
|--|------------------|
|  | \$               |
| Consideration transferred                            | 37,565,866       |
| Less: Fair value of identifiable net assets acquired | (738,803)        |
| <hr/> Goodwill arising on acquisition                | <hr/> 36,827,063 |

Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

The initial accounting for the business combination was incomplete at September 30, 2022. Accordingly, the amounts disclosed above are provisional. To the extent that new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date, the Company will retroactively adjust the provisional amounts recognized at the acquisition date. The period over which such retroactive adjustments may be recognized will not exceed one year from the acquisition date. During this one-year period, the Company may also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

#### *Hot Dot Media Inc.*

On June 4, 2021, the Company acquired 100% of the voting equity interests in Hot Dot Media Inc. ("HDM") in exchange for 8,000,000 common shares of Wondr. HDM is a social media agency focused exclusively on emerging platforms with media reach through a diverse network of creators across TikTok, Instagram, Facebook, and YouTube. The fair value of the Wondr shares issued as consideration was estimated to be \$2,229,760 on the date of acquisition. All common shares issued in connection with the transaction are subject to a four-month and one day re-sale restriction and an 18-month voluntary escrow agreement between the selling shareholders of HDM and the Company. The transaction has been accounted for as a business combination under the requirements of IFRS 3.

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### 9. Business combinations (continued from previous page)

*Hot Dot Media Inc. (continued from previous page)*

The identifiable assets acquired and liabilities recognized at the date of acquisition included:

|  |              |
|--|--------------|
|  | \$           |
| Current assets                           |              |
| Cash                                     | 7,678        |
| Receivables                              | 5,000        |
| Current liabilities                      |              |
| Accounts payable and accrued liabilities | (869)        |
| Due to related parties                   | (10,500)     |
| <b>Net identifiable assets acquired</b>  | <b>1,309</b> |

Goodwill arose in the acquisition of HDM because the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development, the assembled workforce and other expected synergies. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

|  |                  |
|--|------------------|
|  | \$               |
| Consideration transferred                            | 2,229,760        |
| Less: Fair value of identifiable net assets acquired | (1,309)          |
| <b>Goodwill arising on acquisition</b>               | <b>2,228,451</b> |

Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

### 10. Deferred and contingent consideration

|   |                  |
|---|------------------|
|   | \$               |
| <i>Deferred consideration</i>   |                  |
| Balance, December 31, 2020 and December 31, 2021                            | -                |
| Recognized in connection with the acquisition of Gamelancer, Inc. (Note 9)  | 6,210,716        |
| Accretion   | 56,232           |
| Effect of foreign exchange rate changes                                     | 548,455          |
| <b>Balance, September 30, 2022</b>  | <b>6,815,403</b> |
| <i>Contingent consideration</i>   |                  |
| Balance, December 31, 2020 and December 31, 2021                            | -                |
| Recognized in connection with the acquisition of JoyBox Media Inc. (Note 9) | 859,281          |
| Recognized in connection with the acquisition of Gamelancer, Inc. (Note 9)  | 154,529          |
| Effect of foreign exchange rate changes                                     | 16,145           |
| <b>Balance, September 30, 2022</b>  | <b>1,029,955</b> |

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## 11. Goodwill

|  | \$                |
|--|-------------------|
| Balance, December 31, 2020                 | -                 |
| Acquisition of Hot Dot Media Inc. (Note 9) | 2,228,451         |
| Balance, December 31, 2021                 | 2,228,451         |
| Acquisition of JoyBox Media Inc. (Note 9)  | 1,490,807         |
| Acquisition of Gamelancer, Inc. (Note 9)   | 36,827,063        |
| Effect of foreign exchange rate changes    | 3,212,079         |
| <b>Balance, September 30, 2022</b>         | <b>43,758,400</b> |

## 12. Convertible debentures

On March 12, 2021, the Company completed a non-brokered private placement of senior secured convertible debentures in the aggregate principal amount of \$1,000,000 (the “convertible debentures”) and 2,000,000 common share purchase warrants (the “warrants”) for gross proceeds of \$1,000,000. The financing was structured as a unit offering, whereby each unit consisted of one secured convertible debenture in the principal amount of \$1,000 and 2,000 common share purchase warrants (the “Units”).

The convertible debentures bore interest at a rate equal to 10% per annum, payable on maturity. The maturity date was defined as the date that was 60 days following the completion of a go-public transaction. The Company subsequently completed its go-public transaction on May 3, 2021. Accordingly, the convertible debentures matured on July 2, 2021.

The principal amount of each convertible debenture was convertible, for no additional consideration, into common shares of the Company at the option of the holder at any time while the principal amount remained outstanding, at a conversion price of \$0.25 per share, subject to certain adjustments (the “Conversion Price”).

Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 for a period of 2-years from the date of issuance.

The Company evaluated the separate components of each Unit under IAS 32 *Financial Instruments: Presentation*. The Units represented hybrid contracts, consisting of a debt host liability, conversion option and warrants to purchase common shares. Management classified the debt host liability at amortized cost, and the warrants to purchase common shares as equity. The Conversion Price associated with the conversion option was subject to adjustment upon the occurrence of certain events, including the issuance of additional common shares (or instruments convertible or exchangeable into common shares) at a price less than the Conversion Price at the time of issuance. Consequently, management concluded that the instrument did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the hybrid contract was made upon initial recognition of the instruments and was not subsequently revised. The method used was as follows:

- firstly, the fair value of the conversion option was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to that instrument;
- secondly, the fair value of the debt host liability component was calculated, and this fair value established the initial carrying amount of the liability component; and
- lastly, the fair value of the conversion option and liability component were deducted from the fair value of the instrument as a whole, with the resulting residual amount being recognized as the equity component.

This method of allocating the liability and equity components is consistent with the definition of equity as a residual interest in the assets of an entity after deducting all of its liabilities. It ensures that no gain or loss arises on the initial recognition of the three components.

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### 12. Convertible debentures (continued from previous page)

The allocation of proceeds from the issue of Units on initial recognition was as follows:

|  |           |
|--|-----------|
|  | \$        |
| Proceeds from issue of Units                     | 1,000,000 |
| Less: fair value of derivative conversion option | (40,000)  |
| Less: fair value of debt host liability          | (960,000) |
| <u>Warrants to purchase common shares</u>        | <u>-</u>  |

The fair value of the conversion option was estimated using an expected value, option pricing model that considered the following key estimates and assumptions:

- the probability that the Company will issue additional common shares (or instruments convertible or exchangeable into common shares) at a price less than the Conversion Price at the time of issuance) before maturity;
- the estimated fair value of the underlying common shares into which the debenture may be converted;
- the expected time until a conversion event may occur;
- the expected volatility of the Company's common share value; and
- the estimated risk-free interest rate.

At the time the Units were issued, there was no active market for the Company's common shares. For this reason, the Company considered the historical volatility of similar entities for which share price information was publicly-available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the conversion option at the date of initial recognition:

|  |                |
|--|----------------|
|  | March 12, 2021 |
| Conversion Price                                   | \$0.25         |
| Estimated fair value per common share              | \$0.19         |
| Expected time until a conversion event may occur   | 0.3 years      |
| Expected volatility of the underlying common share | 55.0%          |
| <u>Risk-free interest rate</u>                     | <u>0.1%</u>    |

The fair value of the debt host liability component on initial recognition was the present value of the contractual stream of future cash flows (including both principal and interest) discounted at a rate of 26.9%, representing the estimated market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option or warrants.

In connection with the private placement of Units, the Company incurred transaction costs of \$113,200, of which \$110,000 was paid in cash and \$3,200 was paid by the issue of warrants to purchase common shares of the Company (Note 14). The transaction costs were allocated between the debt host liability, conversion option and warrants in the same proportion as how the proceeds from issue of the Units were allocated on initial recognition, as described above. Transaction costs of \$4,528 allocated to the derivative conversion option were recognized immediately as an expense, recorded in the line item 'professional fees', in the condensed consolidated interim statement of loss and comprehensive loss for the nine months ended September 30, 2021, of which \$4,400 was attributable to transaction costs paid in cash and \$128 was attributable to transaction costs paid by the issue of warrants.

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### 12. Convertible debentures *(continued from previous page)*

The following table summarizes the movement in the carrying amount of the debt host liability and derivative conversion option during the period:

|  | Debt host liability | Derivative conversion option | Total     |
|--|---------------------|------------------------------|-----------|
|  | \$                  | \$                           | \$        |
| Balance, December 31, 2020                               | -                   | -                            | -         |
| Proceeds from issue of Units                             | 960,000             | 40,000                       | 1,000,000 |
| Transaction costs  | (108,672)           | -                            | (108,672) |
| Interest and accretion                                   | 182,101             | -                            | 182,101   |
| Reclassified to common shares on conversion (Note 13)    | (307,179)           | (48,000)                     | (355,179) |
| Repayment of principal                                   | (700,000)           | -                            | (700,000) |
| Interest paid in cash                                    | (10,771)            | -                            | (10,771)  |
| Interest paid in common shares (Note 13)                 | (15,479)            | -                            | (15,479)  |
| Loss on revaluation of derivative conversion option      | -                   | 8,000                        | 8,000     |
| <b>Balance, December 31, 2021 and September 30, 2022</b> | <b>-</b>            | <b>-</b>                     | <b>-</b>  |

### 13. Common shares

#### *Issued*

The following schedule shows the movement in common shares during the period:

|  | #                  | \$                |
|--|--------------------|-------------------|
| Balance, December 31, 2020   | 90,644,466         | 2,495,714         |
| Issue of common shares on conversion of subscription receipts (i)  | 44,091,500         | 8,377,385         |
| Issue of common shares for consulting services received (ii)   | 62,500             | 20,000            |
| Issue of common shares on reverse takeover to shareholders of Transglobe Internet and Telecom Co. Ltd. (Note 21) | 16,612,079         | 3,156,295         |
| Issue of common shares on acquisition of Enterprise Gaming Canada Inc. (Note 8)                                  | 4,000,000          | 1,097,460         |
| Issue of common shares on acquisition of Hot Dot Media Inc. (Note 9)   | 8,000,000          | 2,229,760         |
| Issue of common share on conversion of convertible debentures (Note 12)  | 1,200,000          | 355,179           |
| Issue of common shares for payment of accrued interest on convertible debentures (Note 12)                       | 61,917             | 15,479            |
| Share-based compensation (iii)   | -                  | 22,608            |
| Issuance costs:  |                    |                   |
| - paid in cash (iv)  | -                  | (728,825)         |
| - paid in warrants (iv)  | -                  | (125,621)         |
| <b>Balance, December 31, 2021</b>  | <b>164,672,462</b> | <b>16,915,434</b> |

*(Continued on next page)*

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### 13. Common shares (continued from previous page)

|   | #                  | \$                |
|---|--------------------|-------------------|
| <i>(Continued from previous page)</i>                               |                    |                   |
| Balance, December 31, 2021  | 164,672,462        | 16,915,434        |
| Private placement of common shares and warrants (v)                 | 50,000,000         | 8,734,603         |
| Issue of common shares on acquisition of JoyBox Media Inc. (Note 9) | 3,333,332          | 500,000           |
| Issue of common shares on acquisition of Gamelancer, Inc. (Note 9)  | 212,338,900        | 22,360,000        |
| Issue of common shares for advisory services received (vi)          | 3,000,000          | 360,000           |
| Issue of common shares on exercise of stock options (vii)           | 6,000,000          | 840,000           |
| Issuance costs:   |                    |                   |
| - paid in cash (viii)   | -                  | (334,566)         |
| - paid in warrants (viii)   | -                  | (85,519)          |
| <b>Balance, September 30, 2022</b>                                  | <b>439,344,694</b> | <b>49,289,952</b> |

#### (i) Private placement of subscription receipts

Pursuant to the terms of the Definitive Agreement (Note 21), and as condition to the consummation of the reverse takeover transaction, on February 9, 2021, the Company completed a private placement of 44,091,500 subscription receipts at a price of \$0.20 per subscription receipt for aggregate gross proceeds of \$8,818,300. Immediately prior to consummation of the reverse takeover transaction, the subscription receipts automatically converted into 44,091,500 common shares and 22,045,750 warrants to purchase common shares. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.40 per share for a period of two years from the closing date.

The allocation of proceeds between common shares and warrants was made when the equity instruments were issued and was not subsequently revised. The method used was as follows:

- firstly, the fair value of the warrants was estimated using the Black-Scholes Merton formula, and this fair value established the amount of proceeds allocated to the warrants; and
- secondly, the fair value of the warrants was deducted from the total proceeds, with the resulting residual amount allocated to common shares.

The allocation of proceeds between common shares and warrants follows:

|   | \$               |
|---|------------------|
| Proceeds from issuance of subscription receipts | 8,818,300        |
| Fair value of warrants issued                   | 440,915          |
| <b>Allocation of proceeds to common shares</b>  | <b>8,377,385</b> |

The fair value of the warrants was estimated to be \$0.01 using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$ 0.19 |
| Exercise price of the warrant                      | \$ 0.40 |
| Expected volatility of the underlying common share | 45.5%   |
| Expected life of the warrant                       | 2 years |
| Expected dividend yield                            | 0.00%   |
| Risk-free interest rate                            | 0.3%    |

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### 13. Common shares (continued from previous page)

#### (ii) Issue of common shares for consulting services received

In May 2021, the Company issued 62,500 common shares to a director as consideration for consulting services received. The fair value of consulting services received, and the corresponding increase in equity, was measured by reference to the fair value of common shares issued. The fair value of common shares issued was recognized as a share-based payment, included in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss. During the three and nine months ended September 30, 2022, the Company recognized \$nil and \$nil, respectively, in respect of the arrangement (Three and nine months ended September 30, 2021 - \$nil and \$20,000, respectively).

#### (iii) Share-based compensation

In 2020, the Company awarded 500,000 common shares with an estimated fair value of \$30,000 (\$0.06 per share) to an officer of the Company as part of a remuneration package. If the officer's employment with the Company had terminated within one year of its commencement, the terms of the arrangement would have required the officer to sell the shares back to the Company for a nominal amount. Consequently, the fair value of the shares awarded was expensed on a straight-line basis over the one-year performance period. During the three and nine months ended September 30, 2022, the Company recognized an expense of \$nil and \$nil, respectively (Three and nine months ended September 30, 2021 - \$7,500 and \$22,500, respectively) in respect of the share-based payment, presented in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss.

#### (iv) Issuance costs

In connection with the issuance of subscription receipts (Note 13(i)), the Company issued 3,275,870 Finders' Units with an estimated fair value of \$132,233 (Note 14(i)), in addition to cash transaction costs of \$767,184. These issuance costs were allocated \$854,446 to common shares and \$44,971 to the warrant reserve (Note 14). The allocation was made in the same proportion as how the proceeds from the issuance of the subscription receipts were allocated between common shares and warrants.

#### (v) Private placement of common shares and warrants

In 2022, the Company completed a private placement of 50,000,000 Units at a price of \$0.20 per Unit for aggregate gross proceeds of \$10,000,000. Each Unit was comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of \$0.30 per common share for a period of two years.

The private placement was completed in two tranches. The first tranche of 35,430,000 Units for aggregate gross proceeds of \$7,086,000 was completed on January 27, 2022. The second tranche of 14,570,000 Units for aggregate gross proceeds of \$2,914,000 was completed on February 18, 2022.

The allocation of proceeds between common shares and warrants was made when the equity instruments were issued and was not subsequently revised. The method used was as follows:

- firstly, fair value of each component comprising a Unit was estimated on a stand-alone basis;
- secondly, the total proceeds received from the issuance of the Units were allocated to each component in proportion to its relative fair value.

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### 13. Common shares (continued from previous page)

#### (v) Private placement of common shares and warrants (continued from previous page)

The fair value of each common share was based on the quoted market value of the Company's common shares at the date of issuance. The fair value of each warrant was estimated using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$ 0.17 |
| Exercise price of the warrant                      | \$ 0.30 |
| Expected volatility of the underlying common share | 80.1%   |
| Expected life of the warrant                       | 2 years |
| Expected dividend yield                            | 0.00%   |
| Risk-free interest rate                            | 1.3%    |

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The allocation of proceeds between common shares and warrants follows:

|  |                   |
|--|-------------------|
|  | \$                |
| Common shares                                | 8,734,603         |
| Warrants                                     | 1,265,397         |
| <u>Total proceeds from issuance of Units</u> | <u>10,000,000</u> |

#### (vi) Issue of common shares for advisory services received

In April 2022, the Company issued 3,000,000 common shares to Canaccord Genuity Corp. as consideration for financial advisory services received. The fair value of consulting services received, and the corresponding increase in equity, was measured by reference to the fair value of common shares issued. The fair value of common shares issued was recognized as a share-based payment, included in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss. During the three and nine months ended September 30, 2022, the Company recognized \$nil and \$360,000, respectively, in respect of the arrangement (Three and nine months ended September 30, 2021 - \$nil and \$nil, respectively).

#### (vii) Issue of common shares on exercise of stock options

In 2022, 6,000,000 common shares were issued upon exercise of stock options. The proceeds received by the Company upon exercise totalled \$600,000. An amount of \$240,000 was transferred from the share-based benefits reserve to common shares in connection with the exercise of stock options, representing the accumulated fair value of the exercised options which had previously been recognized as share-based payment expense.

#### (viii) Issuance costs

In connection with the issuance of Units (Note 13(v)), the Company issued 1,633,229 broker warrants with an estimated fair value of \$97,993 (Note 14), in addition to cash transaction costs of \$382,478. These issuance costs were allocated \$420,085 to common shares and \$60,386 to the warrant reserve (Note 14). The allocation was made in the same proportion as how the proceeds from the issuance of the Units were allocated between common shares and warrants.

All securities issued pursuant to the offering are subject to a four-month hold period from the date of the offering.

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### 14. Warrant reserve

|   | #                 | \$               |
|---|-------------------|------------------|
| Balance, December 31, 2020  | 446,674           | 13,400           |
| Issue of Finders' Units for services received in connection with the private placement of subscription receipts (i) | 3,275,870         | 132,233          |
| Issue of warrants for services received in connection with the private placement of Units (ii)                      | 320,000           | 3,200            |
| Issue of warrants in connection with the private placement of Units (Note 12)                                       | 2,000,000         | -                |
| Issue of warrants on conversion of subscription receipts (Note 13(i))   | 22,045,750        | 440,915          |
| Issue of warrants for consulting services received (iii)  | 4,000,000         | 259,945          |
| Transaction costs:  |                   |                  |
| - paid in cash (Note 13(iv))  | -                 | (38,359)         |
| - paid in warrants (Note 13(iv))  | -                 | (6,612)          |
| Balance, December 31, 2021  | 32,088,294        | 804,722          |
| Private placement of common shares and warrants (Note 13(v))  | 24,999,999        | 1,265,397        |
| Issue of warrants for consulting services received (iii)  | -                 | 60,055           |
| Issue of warrants for services received in connection with the private placement (iv)                               | 1,633,229         | 97,993           |
| Issuance costs:   |                   |                  |
| - paid in cash (Note 13(vi))  | -                 | (47,912)         |
| - paid in warrants (Note 13(vi))  | -                 | (12,474)         |
| <b>Balance, September 30, 2022</b>  | <b>58,721,522</b> | <b>2,167,781</b> |

(i) Issue of warrants for services received in connection with the private placement of subscription receipts

In 2021, the Company issued 3,275,870 warrants to purchase Finders' Units for services received in connection with the private placement of subscription receipts (Note 13(i)). Each Finders' Unit entitles the holder to one common share of the Company and one-half of one warrant for an exercise price of \$0.20 per Finders' Unit, exercisable for a period of 2-years from the date of issuance. Each whole warrant entitles the holder to one common share of the Company at an exercise price of \$0.40 for a period of 2-years from the date the Finders' Unit was first issued.

The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of equity instruments granted. The corresponding cost of the services received was recognized as a reduction to common shares and the warrant reserve, as described in Note 13(iv).

The fair value the warrants was estimated to be \$0.04 using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$0.19  |
| Exercise price of the Finders' Unit                | \$0.20  |
| Expected life of the Finders' Unit                 | 2 years |
| Expected volatility of the underlying common share | 45.6%   |
| Risk-free interest rate                            | 0.2%    |

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### 14. Warrant reserve (continued from previous page)

#### (ii) Issue of warrants for services received in connection with the private placement of Units

The Company issued 320,000 warrants to purchase common shares for services received in connection with the private placement of Units (Note 12), of which 160,000 warrants were issued to Canaccord Genuity Corp. and 160,000 warrants were issued to First Republic Capital Corporation. Each warrant entitles the holder to one common share of the Company at an exercise price of \$0.40 for a period of 2-years from the date of issuance.

The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of equity instruments granted. The corresponding cost of the services received was recognized as a transaction cost as described in (Note 12).

The fair value the warrants was estimated to be \$0.01 using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$0.19  |
| Exercise price of the warrant                      | \$0.40  |
| Expected life of the warrant                       | 2 years |
| Expected volatility of the underlying common share | 45.6%   |
| Risk-free interest rate                            | 0.3%    |

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#### (iii) Issue of warrants for consulting services received

In May 2021, the Company entered into an arrangement with Blue Deer Capital Partners Inc. ("Blue Deer"), pursuant to which Blue Deer has agreed to provide the Company with financial advisory services. As consideration for these services, the Company issued 4,000,000 common share purchase warrants with an estimated fair value of \$320,000 (\$0.08 per warrant). The warrants vest according to an agreed upon schedule whereby 1,000,000 warrants vest immediately, 1,000,000 warrants vest on September 17, 2021 and 2,000,000 warrants vest on May 17, 2022. Each warrant entitles the holder thereof to acquire one common share of the Company for a price of \$0.29. Any unexercised warrants expire 3 years from the date of issuance.

The fair value of consulting services received, and the corresponding increase in equity, was measured by reference to the fair value of equity instruments granted. The fair value of equity instruments granted is being recognized as a share-based payment over the vesting period, included in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss. During the three and nine months ended September 30, 2022, the Company recognized \$nil and \$60,055, respectively (Three and nine months ended September 30, 2021 - \$91,711 and \$219,617, respectively) in respect of the arrangement.

The fair value of the warrants was estimated to be \$0.08 using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$0.29  |
| Exercise price of the warrant                      | \$0.29  |
| Expected life of the warrant                       | 3 years |
| Expected volatility of the underlying common share | 41.5%   |
| Risk-free interest rate                            | 0.3%    |

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### 14. Warrant reserve (continued from previous page)

(iv) Issue of warrants for services received in connection with the private placement of common shares and warrants

During the three months ended March 31, 2022, the Company issued 1,633,229 broker warrants with an estimated fair value of \$97,993 (\$0.06 per warrant) for services received in connection with the private placement of Units (Note 13(v)). Each warrant entitles the holder thereof to acquire one common share of the Company for a price of \$0.20 for a period of two years from the date of issuance.

The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of equity instruments granted. The corresponding cost of the services received was recognized as an issuance cost, applied as a reduction to common shares and warrants in equity, as described in Note 13(viii).

The fair value of warrants was estimated using the Black-Scholes Merton formula and the following inputs:

|  |         |
|--|---------|
| Estimated fair value per common share              | \$0.17  |
| Exercise price of the warrant                      | \$0.20  |
| Expected life of the warrant                       | 2 years |
| Expected volatility of the underlying common share | 80.1%   |
| Risk-free interest rate                            | 1.3%    |

The Company's common shares have a limited trading history. For this reason, the Company considered the historical volatility of similar entities for which share price information was publicly-available when estimating the expected volatility.

The following reconciles the warrants outstanding at the beginning and the end of the period:

|                                    | Number of<br>warrants<br># | Weighted<br>average<br>exercise<br>price<br>\$ |
|------------------------------------|----------------------------|--|
| Balance, December 31, 2020         | 446,674                    | 0.12   |
| Issued                             | 31,641,620                 | 0.37   |
| Balance, December 31, 2021         | 32,088,294                 | 0.36   |
| Issued                             | 26,633,228                 | 0.29   |
| <b>Balance, September 30, 2022</b> | <b>58,721,522</b>          | <b>0.33</b>                                    |

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### 14. Warrant reserve (continued from previous page)

Additional information regarding warrants outstanding at September 30, 2022 follows:

| Exercise price | Warrants outstanding       |  |
|----------------|----------------------------|--|
|                | Number<br>of warrants<br># | Weighted<br>average<br>remaining<br>contractual life<br>(in years) |
| \$0.12         | 446,674                    | 0.2  |
| \$0.20         | 4,909,099                  | 0.8  |
| \$0.29         | 4,000,000                  | 1.6  |
| \$0.30         | 24,999,999                 | 1.3  |
| \$0.40         | 24,365,750                 | 0.6  |
|                | <b>58,721,522</b>          | <b>1.0</b>   |

### 15. Share-based benefits reserve

The Company has adopted a stock option plan (the "Plan") to attract, retain and motivate qualified directors, officers, employees and consultants whose present and future contributions are important to the success of Gamelancer by offering them an opportunity to participate in the entity's future performance through the award of stock options.

Each stock option converts into one common share of Gamelancer on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The total number of common shares reserved and available for grant and issuance pursuant to the Plan is equal to 10% of the issued and outstanding common shares of the Company. The following reconciles the number of share options available for grant under the Plan:

|  | #                 |
|--|-------------------|
| Total number of options reserved and available for grant and issuance under the Plan | 43,934,469        |
| Issued and outstanding at end of year  | (22,772,500)      |
| <b>Number of options available for grant under the Plan at September 30, 2022</b>    | <b>21,161,969</b> |

The vesting terms of options granted pursuant to the Plan are determined by the board of directors, ranging between zero and twelve months.

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### 15. Share-based benefits reserve (continued from previous page)

The following reconciles the options outstanding at the beginning and end of the period that were granted to eligible participants pursuant to the Plan:

|                              | Nine months ended<br>September 30, 2022 |  | Year ended<br>December 31, 2021 |  |
|------------------------------|---|--|---------------------------------|--|
|                              | Number of<br>options                    | Weighted<br>average<br>exercise<br>price | Number of<br>options            | Weighted<br>average<br>exercise<br>price |
|                              | #                                       | \$                                       | #                               | \$                                       |
| Balance, beginning of period | 10,842,500                              | 0.40                                     | -                               | -  |
| Granted                      | 18,090,000                              | 0.12                                     | 10,842,500                      | 0.40                                     |
| Exercised                    | (6,000,000)                             | 0.10                                     | -                               | -  |
| Forfeited                    | (160,000)                               | 0.40                                     | -                               | -  |
| Balance, end of period       | 22,772,500                              | 0.25                                     | 10,842,500                      | 0.40                                     |
| Exercisable, end of period   | 22,710,000                              | 0.25                                     | 9,977,500                       | 0.40                                     |

The weighted average fair value of share options granted during the period was \$0.04. The Company used the Black-Scholes Merton formula to estimate the fair value of share options granted during the period, based on the following inputs:

|   |    |         |
|---|----|---------|
| Weighted average estimated fair value per common share              | \$ | 0.09    |
| Weighted average exercise price of the share option                 | \$ | 0.12    |
| Weighted average expected volatility of the underlying common share |    | 82.4%   |
| Weighted average expected life of the share option                  |    | 3 years |
| Weighted average expected dividend yield                            |    | 0.00%   |
| Weighted average risk-free interest rate                            |    | 2.8%    |

The following table provides additional information about the Group's share option plan at September 30, 2022:

| Exercise prices | Share options issued and outstanding |  |
|-----------------|--------------------------------------|--|
|                 | Number of<br>options                 | Weighted<br>average<br>remaining<br>contractual<br>life in years |
|                 | #                                    | #  |
| \$0.10          | 11,050,000                           | 2.7  |
| \$0.40          | 11,722,500                           | 1.8  |
|                 | 22,772,500                           | 2.2  |

During the three and nine months ended September 30, 2022, the Company recognized share-based compensation expense of \$358,841 and \$843,731, respectively (Three and nine months ended September 30, 2021 - \$5,635 and \$348,035, respectively), presented in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss.

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### 16. Share-based payments

|   | Three months ended<br>September 30, |         | Nine months ended<br>September 30, |         |
|---|-------------------------------------|---------|------------------------------------|---------|
|   | 2022                                | 2021    | 2022                               | 2021    |
|   | \$                                  | \$      | \$                                 | \$      |
| Share-based compensation  |                                     |         |                                    |         |
| - stock options (Note 15)   | 358,841                             | 5,635   | 843,731                            | 348,035 |
| - common shares (Note 13(iii))  | -                                   | 7,500   | -                                  | 22,500  |
| Issue of common shares for consulting services received (Note 13(ii) and Note 13(vi)) | -                                   | -       | 360,000                            | 20,000  |
| Issue of warrants for consulting services received (Note 14(iii))                     | -                                   | 91,711  | 60,055                             | 219,617 |
|   | 358,841                             | 104,846 | 1,263,786                          | 610,152 |

### 17. Finance costs, net

|  | Three months ended<br>September 30, |         | Nine months ended<br>September 30, |         |
|--|-------------------------------------|---------|------------------------------------|---------|
|  | 2022                                | 2021    | 2022                               | 2021    |
|  | \$                                  | \$      | \$                                 | \$      |
| Interest and bank charges  | 2,678                               | (1,429) | 7,360                              | 7,954   |
| Interest expense on lease liability (Note 6)                       | -                                   | 930     | 1,801                              | 3,657   |
| Accretion expense arising on deferred consideration (Note 10)      | 31,008                              | -       | 56,232                             | -       |
| Interest and accretion expense on convertible debentures (Note 12) | -                                   | -       | -                                  | 182,101 |
| Other finance costs  | -                                   | -       | -                                  | 4,528   |
| Interest income  | -                                   | (470)   | -                                  | (4,169) |
|  | 33,686                              | (969)   | 65,393                             | 194,071 |

### 18. Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2021.

The capital structure of the Company consists of net debt (comprising amounts due to related parties, lease liability, deferred consideration and contingent consideration offset by cash) and equity (comprising common shares, warrant reserve, share-based benefits reserve, accumulated other comprehensive income and deficit).

The Company is not subject to any externally imposed capital requirements.

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### **19. Financial instruments**

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

#### *Fair value*

The carrying value of financial instruments classified at amortized cost (including accounts payable and accrued liabilities and amounts due to related parties) approximate fair value due to their short-term nature.

#### *Credit and concentration risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not provide any guarantees which would expose the Company to credit risk.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no instance of default with any counterparty since the Company's incorporation on May 6, 2019.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Amounts due to related parties, deferred consideration and contingent consideration are non-interest bearing. Accordingly, the fair value of these financial liabilities could fluctuate because of changes in market interest rates.

#### *Liquidity risk*

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

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### 19. Financial instruments (continued from previous page)

|  | Less than<br>one year | Later than one<br>year and not<br>later than<br>five years | Later than<br>five years | Total      |
|--|-----------------------|--|--------------------------|------------|
|  | \$                    | \$   | \$                       | \$         |
| Accounts payable and accrued liabilities | 2,812,125             | -  | -                        | 2,812,125  |
| Due to related parties                   | 301,761               | -  | -                        | 301,761    |
| Deferred consideration                   | 6,853,500             | -  | -                        | 6,853,500  |
| Contingent consideration liability       | 1,029,955             | -  | -                        | 1,029,955  |
|  | 10,997,341            | -  | -                        | 10,997,341 |

Refer to Note 6 for a maturity analysis of the Company's lease liability.

#### Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

|                      | September 30, 2022 | December 31, 2021 |
|----------------------|--------------------|-------------------|
|                      | \$                 | \$                |
| Monetary assets      |                    |                   |
| U.S. dollars         | 697,377            | 116,264           |
| Monetary liabilities |                    |                   |
| U.S. dollars         | (6,466,748)        | (704,811)         |

The following table details the Company's sensitivity to a 10% increase and decrease in the Canadian dollar against the U.S. dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Canadian dollar strengthens 10% against the U.S. dollar. For a 10% weakening of the Canadian dollar against the U.S. dollar, there would be a comparable impact on the profit, and the balances below would be opposite.

|                                 | U.S. dollar |        |
|---------------------------------|-------------|--------|
|                                 | 2022        | 2021   |
| Increase / (decrease) in profit | 790,808     | 74,616 |

### 20. Segment information

The Company is engaged in a single business activity and does not have multiple operating segments. The CEO is the Company's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Company as a whole, substantially in the form of, and on the same basis as, the Company's consolidated financial statements.

## Gamelancer Media Corp.

(formerly, Gamelancer Gaming Corp., Wondr Gaming Corp. and Transglobe Internet and Telecom Co. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

### 20. Segment information (continued from previous page)

Geographic information:

|                        | Canada  | United States | Total     |
|------------------------|---------|---------------|-----------|
|                        | \$      | \$            | \$        |
| Revenue                | 223,470 | 1,697,453     | 1,920,923 |
| Property and equipment | 2,480   | -             | 2,480     |

### 21. Significant events

#### *Reverse takeover and amalgamation*

On October 22, 2020, 1Wondr Gaming Corporation ("1Wondr") entered into a definitive agreement (the "Definitive Agreement") with Transglobe Internet and Telecom Co., Ltd. ("Transglobe") to complete a business combination (the "Transaction") whereby Transglobe acquired all of the issued and outstanding shares of 1Wondr pursuant to a three-cornered amalgamation in accordance with Section 174 of the *Business Corporations Act (Ontario)*. Upon completion of the Transaction, the shareholders of 1Wondr held approximately 89% of the shares of Transglobe (the "Resulting Issuer"), and the Resulting Issuer now carries on the business of Wondr.

Pursuant to the terms of the Definitive Agreement, the following matters were required in order to consummate the Transaction:

- (i) Transglobe consolidated its issued and outstanding common shares (the "Consolidation") on the basis of one (1) post-Consolidation common share for every 30 outstanding common shares in the capital of Transglobe;
- (ii) Transglobe changed its name to "1Wondr Gaming Corp." (the "Name Change");
- (iii) 1Wondr completed a private placement financing (the "Concurrent Financing") of subscription receipts at a minimum price of \$0.20 per subscription receipt to raise minimum gross proceeds of \$3,000,000;
- (iv) 2778533 Ontario Inc., a newly incorporated, wholly-owned subsidiary of Transglobe formed solely for the purpose of facilitating the Transaction, was amalgamated with 1Wondr, pursuant to which, among other things, all outstanding common shares of Wondr (the "Wondr Shares") and all securities convertible into Wondr Shares were exchanged for replacement securities of the Resulting Issuer, one-for-one on a post-Consolidation basis, exercisable in accordance with their terms; and
- (v) the board of directors and management of the Resulting Issuer were replaced with nominees of 1Wondr.

On May 3, 2021, the Transaction was completed, the Resulting Issuer listed on the Canadian Securities Exchange ("CSE") and changed its name to Wondr Gaming Corp. Pursuant to the terms of the Definitive Agreement, Transglobe issued from treasury to the Wondr shareholders an aggregate of 134,735,966 post-Consolidation common shares, representing all of the issued and outstanding 1Wondr Gaming Corporation common shares prior to completion of the Transaction, which included 44,091,500 common shares in connection with the automatic exchange of the subscription receipts pursuant to the Concurrent Financing and the terms of the subscription receipts (Note 13(i)). In the aggregate, Transglobe issued: (i) 134,735,966 post-Consolidation common shares to the former holders of 1Wondr Gaming Corporation shares in exchange for such 1Wondr Gaming Corporation shares; (ii) 22,045,750 common share purchase warrants on the same terms as the warrants in exchange for such Warrants; and (iii) 3,275,870 finders' warrants in exchange for the finder warrants issued to eligible finders in connection with the Concurrent Financing.

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### 21. Significant events (continued from previous page)

#### Reverse takeover and amalgamation (continued from previous page)

Without significant operating activities, Transglobe did not meet the accounting definition of a business pursuant to IFRS 3 *Business Combinations*, and the Transaction was accounted for as an acquisition of the net assets of Transglobe by 1Wondr in exchange for shares in the Resulting Issuer under IFRS 2 *Share-based Payments*. The excess of the fair value of the consideration provided over the net assets received was recognized as an expense in the condensed consolidated interim statements of loss and comprehensive loss, included in the line item 'listing expense'. The non-cash listing cost of the Transaction was determined as follows:

|   |           |
|---|-----------|
|   | \$        |
| Consideration transferred                                 |           |
| Fair value of common shares (16,612,079 shares at \$0.19) | 3,156,295 |
| Net assets / (liabilities) acquired                       |           |
| Harmonized sales tax receivable                           | 4,604     |
| Accounts payable and accrued liabilities                  | (27,885)  |
| Total net liabilities acquired                            | (23,281)  |
| Listing expense   | 3,179,576 |

The value per common share of \$0.19 reflects the same value per common share as was determined in connection with the Company's private placement of subscription receipts (Note 13(i)).

The Transaction constituted a reverse takeover of Transglobe by 1Wondr (being the legal subsidiary) as the accounting acquirer. The historical operations, assets and liabilities of 1Wondr are included as the comparative figures as at December 31, 2021, and for the three and nine months ended September 30, 2021, which is deemed to be the continuing entity for financial reporting purposes.

### 22. Contingent liabilities

#### Statement of claim – March 17, 2021

On March 17, 2021, a statement of claim was filed by FanDemand Inc. against the Company and two directors/officers involving the alleged breach of contract, breach of fiduciary duty, knowing assistance of breach of fiduciary duty, breach of the duty of honest performance, unjust enrichment, breach of trust, appropriation of corporate opportunities and unlawful means. The claim seeks damages in the sum of \$320 million. In connection with the claim, on April 28, 2021, a motion for an interim injunction preventing the Company from conducting its business was made and subsequently a judgment in favour of the Company was granted. Management believes that the claim is baseless and without merit.

On October 7, 2021 the Company filed a Statement of Defence and Counterclaim in the Ontario Superior Court of Justice. The Company is seeking damages for abuse of process, dismissal of the action for abuse of process and reimbursement of costs.

On November 16, 2021, the Company received notice that it was awarded \$59,206 in cost reimbursement related to this matter. The Company received this money in December 2021.

As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result. Accordingly, the outcome of the claim is not yet determinable, and the extent to which an outflow of funds may be required to settle this possible obligation cannot be reliably determined.

## **Gamelancer Media Corp.**

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### **22. Contingent liabilities** *(continued from previous page)*

#### *Statement of claim – July 29, 2021*

On July 29, 2021, the Company received a statement of claim filed by GroupBy Inc. alleging breach of contract and unjust enrichment and seeking USD \$4,136,807 plus interest and costs. The Company is contesting the claim.

On September 7, 2021, the Company filed a Statement of Defence and Counterclaim in the Ontario Superior Court of Justice against GroupBy Inc. The Company claims, among other things, GroupBy Inc.'s failure to perform the services and misrepresentation and seeks dismissal of the action. Furthermore, the Company is counterclaiming seeking damages of \$400,000 plus costs for breach of contract and negligent misrepresentation.

On October 27, 2021, the Company filed a Third Party Counterclaim in the Ontario Superior Court of Justice against an individual who is a former director of the Company and the CEO of GroupBy Inc. claiming breach of fiduciary duties and duties of good faith and is seeking USD \$4.1 million in damages plus costs.

As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result. Accordingly, the outcome of the claim is not yet determinable, and the extent to which an outflow of funds maybe required to settle this possible obligation cannot be reliably determined.

### **23. Events after the reporting period**

#### *Non-brokered private placement*

On October 13, 2022, the Company announced its intent to complete a non-brokered private placement of up to \$15,000,000 aggregate principal amount of secured debenture units (each a "Debenture Unit") at an issue price of \$1,000 per Debenture Unit (the "Offering"). Each Debenture Unit will be comprised of \$1,000 principal amount of 12% secured debentures of the Company and 100 common share purchase warrants (each a "Warrant") of the Company. Each Warrant will be exercisable into one common share of the Company (each a "Warrant Share") at an exercise price of \$0.07 per Warrant Share for a period of 36 months from the closing of the Offering.

The Debentures shall mature on the date that is 60 months from the closing of the Offering (the "Maturity Date"). The Debentures shall bear interest at a rate of 12% per annum from the closing of the Offering, payable on the last business day of each calendar quarter, with the first 18 months of accrued interest payable on the Maturity Date.

The Company will appoint an agent (the "Security Agent") to act as transfer agent and a bare trustee to hold a first ranking security interest on behalf of the Debenture holders and will enter into a general security agreement with the Security Agent which shall include standard default conditions customary for a transaction of this nature. Further, the Debentures and Warrants will be issued pursuant to the terms of a debenture and warrant indenture to be entered into between the Company and the Security Agent.

The Debentures will be subject to redemption, in whole or in part, at the option of the Company at any time after the first anniversary of the closing of the Offering upon giving the holders not less than 30 and not more than 60 days' prior written notice, at a price equal to the then outstanding principal amount of the Debentures plus all accrued and unpaid interest up to and including the redemption date.

All securities issued pursuant to the Offering will be subject to a four month hold period from the date of issue. The net proceeds of the Offering will be used to make certain purchase price payments in connection with the previous acquisition of Gamelancer, Inc. as well as for general working capital purposes.

The first tranche of this Offering closed on November 3, 2022 with 4,111 Debenture Units being issued for proceeds of \$4,111,000. Of the 4,111 Debenture Units, 1,363 Debenture Units were issued to an insider of the Company. The second tranche closed on November 24, 2022 with 439 Debenture Units being issued for proceeds of \$439,000. In total, 455,000 Warrants were also issued as part of the closing of these two tranches as well as 745,707 broker warrants.

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### **23. Events after the reporting period** *(continued from previous page)*

#### *Options Granted*

On October 28, 2022, the Company granted an aggregate 9,450,000 options to consultants of the Company to purchase common shares of the Company exercisable at a price of \$0.13 per common share for a period of three years.

On November 24, 2022, 7,000,000 options to purchase common shares were granted to consultants of the Company. The options vest immediately, have an exercise price of \$0.13 per common share and expire three years from the date of grant.

#### *Options and Warrants Exercised*

On November 18, 2022, 4,000,000 common shares were issued as a result of a consultant exercising 4,000,000 options at an exercise price of \$0.10 for cash proceeds to the Company of \$400,000.

On November 24, 2022, 162,800 warrants were exercised at \$0.12 per share resulting in cash proceeds of \$19,536.

#### *Payment of Amount Due Related to Gamelancer, Inc. Acquisition*

On November 7, 2022, the Company paid the amount of USD \$2,500,000 to the former Gamelancer Inc. shareholders from the funds received from the November 3, 2022 Debenture Unit Offering mentioned previously. This payment represents the first of two payments of said amount due as part of the Gamelancer Inc. acquisition previously disclosed (Note 9). The second payment is due April 14, 2023.

#### *Amount paid to an Officer and Shareholder*

On November 28, 2022, the Company repaid an amount of USD \$67,500 to an officer and a shareholder of the Company for the services of certain contractors in connection with a customer project that the officer and shareholder paid for personally on October 3, 2022.