

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, 2023 and 2022

(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, 2023 and December 31, 2022

(Expressed in Canadian dollars - Unaudited)

	September 30, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash	1,307,602	556,804
Restricted cash	-	7,440
Receivables (Note 5)	2,347,735	1,754,518
Inventory	87,827	87,983
Prepaid expenses and deposits	281,655	145,102
	4,024,819	2,551,847
Restricted cash	-	50,000
Deposits	4,425	4,425
Property and equipment	1,803	1,726
Intangible assets (Note 6)	17,515,411	19,196,989
Goodwill (Note 9)	27,693,773	27,758,678
Total Assets	49,240,231	49,563,665
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,947,876	3,267,950
Income tax payable	213,555	75,091
Deferred revenue	74,480	-
Due to related parties	10,500	302,079
Deferred consideration (Note 8)	-	3,346,209
Contingent consideration liability (Note 8)	121,680	962,006
	3,368,091	7,953,335
Debenture units (Note 10)	4,423,225	3,989,337
Deferred tax liability (Note 11)	4,569,453	5,271,145
Total Liabilities	12,360,769	17,213,817
Shareholders' Equity		
Common shares (Note 12)	57,241,298	49,070,665
Warrant reserve (Note 13)	5,798,148	2,517,444
Share-based benefits reserve (Note 14,15)	3,137,310	1,718,304
Accumulated other comprehensive loss	1,535,589	1,546,841
Accumulated Deficit	(30,832,883)	(22,503,406)
Total Shareholders' Equity	36,879,462	32,349,848
Total Liabilities and Shareholders' Equity	49,240,231	49,563,665

General information and going concern (Note 1)

Contingent liabilities (Note 20)

Events after the reporting period (Note 21)

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, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenues	1,636,075	1,330,556	3,779,114	1,920,923
Cost of sales	757,634	68,566	1,740,105	250,209
Gross profit	878,441	1,261,990	2,039,009	1,670,714
Expenses				
Consultants and subcontractors	355,876	901,829	1,234,494	2,619,682
Share-based payments (Note 15)	-	358,841	1,419,006	1,263,786
Professional fees	269,239	262,955	874,922	1,078,470
General and administrative	410,990	410,380	1,275,793	1,099,438
Advertising and promotion	102,811	326,995	573,263	964,570
Salaries, wages and benefits	211,521	167,152	587,116	548,833
Depreciation and amortization (Note 6)	587,507	26,104	1,640,063	164,532
Foreign exchange loss (gain)	1,883	(77,376)	31,073	120,526
Finance costs, net (Note 16)	156,661	33,686	475,889	65,393
Penalty on repayment of deferred consideration (Note 7, 12(vi))	(3,966)	-	2,668,741	-
Impairment loss on intangible assets (Note 7)	-	987,593	-	987,593
Gain on revaluation of contingent consideration (Note 8)	(94,537)	-	(30,408)	-
	1,997,985	3,398,159	10,749,952	8,912,823
Loss before income taxes	(1,119,544)	(2,136,169)	(8,710,943)	(7,242,109)
Income taxes				
Current	(54,941)	-	(138,464)	-
Deferred	104,549	-	519,930	-
Net loss	(1,069,936)	(2,136,169)	(8,329,477)	(7,242,109)
Other comprehensive income (loss)				
Item that may be reclassified subsequently to loss:				
Exchange difference on translating foreign operations	821,865	2,736,909	(11,252)	2,751,255
Total comprehensive loss	(248,071)	600,740	(8,340,729)	(4,490,854)
Basic and diluted loss per share	-	-	(0.02)	(0.02)
Weighted average number of common shares outstanding (basic and diluted)	560,024,255	400,216,614	488,434,404	345,162,329

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, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

	Common shares	Warrant reserve	Share-based benefits reserve	Accumulated Deficit	Other comprehensive income (loss)	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
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 12(i))	8,734,603	1,265,397	-	-	-	10,000,000
Issue of common shares on acquisition of JoyBox Media Inc. (Note 7)	500,000	-	-	-	-	500,000
Issue of common shares on acquisition of Gamelancer, Inc. (Note 7)	22,360,000	-	-	-	-	22,360,000
Issue of warrants for services received in connection with the private placement (Note 13(i))	-	97,993	-	-	-	97,993
Issue of common shares for advisory services received	360,000	-	-	-	-	360,000
Issue of warrants for consulting services received (Note 13 (iii))	-	60,055	-	-	-	60,055
Share-based compensation	-	-	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 12(iv))	(334,566)	(47,912)	-	-	-	(382,478)
- paid in warrants (Note 12(iv))	(85,519)	(12,474)	-	-	-	(97,993)
Net loss and total comprehensive loss	-	-	-	(7,242,109)	2,751,255	(4,490,854)
Balance, September 30, 2022	49,289,952	2,167,781	992,198	(19,037,306)	2,588,010	36,000,635
Balance, December 31, 2022	49,070,665	2,517,444	1,718,304	(22,503,406)	1,546,841	32,349,848
Share-based compensation (Note 15)	-	-	1,419,006	-	-	1,419,006
Private placement of common shares and warrants	6,689,108	3,314,742	-	-	-	10,003,850
Issue of Broker Warrants	-	123,780	-	-	-	123,780
Issuance Costs:						
- paid in cash (Note 12(iv))	(350,534)	(173,704)	-	-	-	(524,238)
- paid in warrants (Note 12(iv))	(82,766)	(41,014)	-	-	-	(123,780)
Deferred tax benefit on share issuance costs	114,825	56,900	-	-	-	171,725
Issuance of common shares for penalty on repayment of deferred consideration (Note 12(vi))	1,333,333	-	-	-	-	1,333,333
Issuance of common shares for contingent consideration (Note 12(vii))	466,667	-	-	-	-	466,667
Net loss and total comprehensive loss	-	-	-	(8,329,477)	(11,252)	(8,340,729)
Balance, September 30, 2023	57,241,298	5,798,148	3,137,310	(30,832,883)	1,535,589	36,879,462

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, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

	Nine months ended	
	September 30,	
	2023	2022
	\$	\$
Cash flows used in operating activities		
Net loss	(8,329,477)	(7,242,109)
Adjustments for:		
Share-based payments (Note 15)	1,419,006	1,263,786
Finance costs, net (Note 16)	475,889	65,393
Impairment loss on intangible assets (Note 7)	-	987,593
Depreciation and amortization (Note 6)	1,640,063	164,532
Unrealized foreign exchange loss	31,073	62,817
Gain on revaluation of contingent consideration (Note 8)	(30,408)	-
Penalty on Deferred Consideration (Note 7)	2,668,741	-
Provision (benefit) for deferred taxes	(519,930)	-
	(2,645,043)	(4,697,988)
Changes in non-cash working capital items:		
Receivables	(393,217)	(773,334)
Inventory	156	(7,003)
Prepaid expenses and deposits	(136,553)	84,719
Accounts payable and accrued liabilities	(257,325)	960,033
Income Tax Payable	138,464	-
Deferred revenue	74,480	111,438
	(3,219,038)	(4,322,135)
Finance costs		
Interest received (net)	(10,371)	(7,360)
	(3,229,409)	(4,329,495)
Cash flows used in investing activities		
Additions to property and equipment	-	(1,259)
Restricted cash	57,440	-
Payment of Contingent Consideration	(3,310,000)	-
Payment of Penalty in cash	(1,333,333)	-
Contingent consideration - Joybox Media Inc.	(168,474)	-
Contingent consideration - Gamelancer Inc.	(165,000)	-
Payments for intangible assets (Note 6)	-	(232,469)
Net cash (outflow) / inflow from acquisition of subsidiary:		
- Gamelancer, Inc. (Note 9)	(285,034)	(8,839,927)
- JoyBox Media Inc. (Note 9)	-	(131,526)
	(5,204,401)	(9,205,181)
Cash flows provided from financing activities		
Private placement of common shares and warrants (Note 12(i))	9,164,499	10,000,000
Proceeds from exercise of stock options (Note 13(v))	-	600,000
Issuance of common shares	-	-
Loan from related party	-	-
Issuance costs paid in cash	(524,238)	(382,478)
Issuance costs paid in warrants	(123,780)	-
Lease payments	-	(22,800)
Transaction cost	648,020	-
	9,164,501	10,194,722
Net (decrease) / increase in cash	730,691	(3,339,954)
Effect of foreign currency exchange rate changes on cash and cash equivalents	20,107	-
Cash, beginning of period	556,804	3,752,581
Cash, end of period	1,307,602	412,627

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.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

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.

Gamelancer Media Corp. is a 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 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 for the foreseeable future. The Company incurred a net loss of \$8,329,477 for the nine months ended September 30, 2023 and has an accumulated deficit of \$30,832,883 as at September 30, 2023. The Company has a working capital of \$656,728 at September 30 2023. To-date, the Company has funded its operations principally through the issuance of 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; obtaining new funding to fund operations; implement cost savings associated with managing operating expense levels, raising 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 consolidated financial statements. If the Company were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities may be necessary. Such adjustments could be material to the consolidated financial statements.

Gamelancer Media Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

2. Material accounting policies

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting 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, 2022.

The condensed consolidated interim financial statements were authorized for issuance by the board of directors on November 14, 2023.

Basis of preparation

The condensed consolidated financial statements of the Company have been 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, 2022. 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.

The principal material accounting policies are set out below.

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. Gamelancer, Inc.	British Columbia, Canada Delaware, United States of America
Wondr Gaming USA Corp.	Delaware, United States of America (incorporated on August 30, 2021)

Gamelancer Media Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

2. Material accounting policies (continued from previous page)

Basis of consolidation (continued from previous page)

On March 1, 2022, the Company acquired 100% of the issued and outstanding common shares of JoyBox Media Inc. ("JoyBox") (Note 7). On April 14, 2022, the Company acquired 100% of the issued and outstanding common shares of Gamelancer Inc. (Note 7).

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.

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

The amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's consolidated 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 judgements 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, 2022.

Gamelancer Media Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

5. Receivables

	September 30, 2023	December 31, 2022
	\$	\$
Trade receivables	1,740,619	1,366,507
Harmonized sales tax receivable	606,658	387,553
Other receivables	458	458
	2,347,735	1,754,518

6. Intangible assets

	NFT platform	Gaming rewards and loyalty platform	Domain names	Technology	Trade Name	Customer Relationships	Software	Total
	\$	\$	\$	\$				\$
Cost								
Balance, December 31, 2021	1,134,667	170,000	17,915	-	-	-	-	1,322,582
Additions	-	-	134,050	100,092	-	-	18,121	252,263
Acquisition of Gamelancer, Inc. (Note 7)	-	-	-	656,070	17,011,350	756,060	-	18,423,480
Acquisition of JoyBox Media Inc.	-	-	-	-	380,000	330,000	-	710,000
Effect of foreign exchange rate changes	-	-	-	51,868	1,271,035	56,580	(215)	1,379,268
Balance, December 31, 2022	1,134,667	170,000	151,965	808,030	18,662,385	1,142,640	17,906	22,087,593
Effect of foreign exchange rate changes	-	-	-	(2,833)	(30,385)	(1,440)	(33)	(34,690)
Balance, September 30, 2023	1,134,667	170,000	151,965	805,197	18,632,000	1,141,200	17,873	22,052,903
Accumulated amortization and impairment losses								
Balance, December 31, 2021	37,822	170,000	-	-	-	-	-	207,822
Amortization	113,466	-	-	39,604	1,289,996	208,564	1,493	1,653,123
Impairment loss	983,379	-	4,214	-	-	-	-	987,593
Effect of foreign exchange rate changes	-	-	-	1,159	36,816	4,091	-	42,066
Balance, December 31, 2022	1,134,667	170,000	4,214	40,763	1,326,812	212,655	1,493	2,890,604
Amortization	-	-	-	42,886	1,391,021	213,266	4,448	1,651,621
Effect of foreign exchange rate changes	-	-	-	(9,289)	4,084	454	18	(4,734)
Balance, September 30, 2023	1,134,667	170,000	4,214	74,360	2,721,917	426,375	5,958	4,537,491
Carrying amount								
Balance, December 31, 2022	-	-	147,752	767,267	17,335,573	929,985	16,413	19,196,989
Balance, September 30, 2023	-	-	147,752	730,837	15,910,083	714,825	11,915	17,515,411

7. 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.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

7. Business combinations (continued from previous page)

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

	\$
Cash	131,526
3,333,332 common shares	427,000
Contingent consideration arrangement	675,000
Total	1,233,526
	\$
Consideration transferred	1,233,526
Less: Fair value of net assets acquired	-
Less: Intangible asset - Trade Name acquired	(380,000)
Less: Intangible asset - Customer Relationships acquired	(330,000)
Add: Deferred tax liability	191,700
Goodwill arising on acquisition	715,226

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 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 common shares within 60 days of JoyBox generating at least \$1,000,000 in aggregate revenues.

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.

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.

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 and one day 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. To note, all cash payments have been paid as of September 30, 2023.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

7. Business combinations (continued from previous page)

Pursuant to the Stock Purchase Agreement, in the event the Company completed a New Securities Financing prior to the payment in full of the deferred cash amount, the purchase will be increased by USD \$2,000,000. The shareholders agreed to accept the penalty payment in the form of USD \$1,000,000 cash and USD \$1,000,000 in common shares of the Company at a price per payment share equal to the greater of (i) CDN\$0.10 or (ii) the market price of the common shares on the Canadian Securities Exchange (CSE) on the day immediately preceding the day this Agreement is executed by all the Shareholders. As of September 30, 2023, the cash payment and issuance of common shares has been completed.

Furthermore, if certain future events occur, or fail to occur, in respect of future financings or resolution of contingent liabilities (Note 20), the Company may be required to pay additional cash consideration of up to \$2,250,000. Please note, this was paid in Q2 2023 (see Note 7).

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	6,132,906
212,338,900 common shares	21,589,293
Working capital adjustment	83,166
Contingent consideration arrangement	246,980
<u>Total</u>	<u>36,892,966</u>

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	(233,815)
Due to related parties	(271,880)
Deferred tax liability	(4,698,859)
<u>Net identifiable (liabilities) assets acquired</u>	<u>(3,961,702)</u>

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.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

7. Business combinations (continued from previous page)

	\$
Consideration transferred	36,892,966
Less: Fair value of identifiable net assets acquired	3,961,702
Less: Intangible asset - Trade Name acquired	(17,011,350)
Less: Intangible asset - Customer Relationships acquired	(756,060)
Goodwill arising on acquisition	23,087,258

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

8. Deferred and contingent consideration

	\$
<i>Deferred consideration</i>	
Balance, December 31, 2021	-
Recognized in connection with the acquisition of Gamelancer, Inc. (Note 7)	6,132,906
Accretion	179,695
Payment of deferred consideration	(3,373,250)
Effect of foreign exchange rate changes	406,858
Balance, December 31, 2022	3,346,209
Accretion	31,630
Payment of deferred consideration	(3,310,000)
Effect of foreign exchange rate changes	(67,839)
Balance, September 30, 2023	0

Contingent consideration

Balance, December 31, 2020 and December 31, 2021	-
Recognized in connection with the acquisition of JoyBox Media Inc. (Note 7)	675,000
Recognized in connection with the acquisition of Gamelancer, Inc. (Note 7)	246,980
Loss on revaluation of contingent consideration liability	40,027
Effect of foreign exchange rate changes	(1)
Balance, December 31, 2022	962,006
Gain on revaluation of contingent consideration liability	(30,408)
Payment of Contingent Consideration	(735,000)
Effect of foreign exchange rate changes	(74,918)
Balance, September 30, 2023	121,680

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9. Goodwill

	\$
Balance, December 31, 2021	2,228,451
Acquisition of JoyBox Media Inc. (Note 7)	715,226
Acquisition of Gamelancer, Inc. (Note 7)	23,087,258
Effect of foreign exchange rate changes	1,727,743
<hr/> Balance, December 31, 2022	<hr/> 27,758,678
Effect of foreign exchange rate changes	(64,905)
<hr/> Balance, September 30, 2023	<hr/> 27,693,773

10. Debenture units

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"). 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 742,259 broker warrants. The total proceeds were \$4,550,000.

Each Debenture Unit is 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 is 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 Debentures are 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 are subject to a four month hold period from the date of issue.

The Company concluded that the Debentures are a financial liability which would be accounted for at amortized cost using the effective interest method. The Warrants met the criteria for equity classification. Accordingly, the Company first determined the fair value of the debt host liability and the residual proceeds received after allocation to the debt host liability were allocated to the Warrants. At the time of the Offering, the fair value of the Debentures was determined to be \$4,139,475 based on a discount rate of 12.5%. The residual amount of \$410,525 was allocated to the Warrants.

The Company incurred transaction costs of \$256,898 of which \$69,848 related to the broker warrants issued. Of the transaction costs, the Company allocated \$233,719 to the Debentures and \$23,179 to the Warrants prorated based on the gross proceeds value. The \$233,719 allocated to the Debentures was recorded as a reduction to the carrying amount of the liability and \$23,179 of transaction costs was allocated to the equity component.

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10. Debenture units *(continued from previous page)*

The following table summarizes the movement in the carrying value of the debt during the period.

	\$ Debt
Balance, December 31, 2021	-
Issuance of Debentures	3,905,756
Interest and accretion expense	83,581
Interest payments	-
Balance, December 31, 2022	3,989,337
Interest and accretion expense	433,888
Interest payments	-
Balance, September 30, 2023	4,423,225

11. Income taxes

The Company's effective income tax rate was 4.38% for the nine months ended September 30, 2023 (September 30, 2022 – Nil). The effective tax rate is different than the statutory rate primarily due to \$1.4M of non-deductible share based compensation and \$2.6M penalty on repayment of deferred consideration, and non-recognition of deferred tax benefits of non-capital losses of Canada.

12. Common shares

Issued

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

	#	\$
Balance, December 31, 2021	164,672,462	16,915,434
Private placement of common shares and warrants (i)	50,000,000	8,734,603
Issue of common shares on acquisition of JoyBox Media Inc. (Note 7)	3,333,332	427,000
Issue of common shares on acquisition of Gamelancer, Inc. (Note 7)	212,338,900	21,589,293
Issue of common shares for advisory services received (ii)	3,000,000	360,000
Issue of common shares on exercise of stock options (iii)	10,000,000	1,440,000
Issue of common shares on exercise of warrants (v)	162,800	24,420
Issuance costs:		
- paid in cash (iv)	-	(334,566)
- paid in warrants (iv)	-	(85,519)
Balance, December 31, 2022 and March 31, 2023	443,507,494	49,070,665
Private placement of common shares and warrants	100,038,500	6,689,108
Deferred Tax Liability	-	114,825
Issuance Costs:		
- paid in cash (Note 12(iv))	-	(350,534)
- paid in warrants (Note 12(iv))	-	(82,766)
Issuance of common shares for penalty on repayment of deferred consideration (Note 12(vi))	13,333,334	1,333,333
Issuance of common shares for contingent consideration (Note 12(vii))	4,666,666	466,667
Balance, September 30, 2023	561,545,994	57,241,298

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12. Common shares (continued from previous page)

(i) 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.

On June 25 2023, the Company closed two brokered private placement offerings, issuing 100,038,500 units of the Company for aggregate gross proceeds of \$10,003,500, resulting in an Issue price of \$0.10 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one Share at an exercise price of \$0.15 per Share for a period of 36 months following the closing date of the Offerings.

The Offerings are comprised of the following:

- A Private Placement offering; and
- A LIFE Exemption offering.

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.

The fair value of each common share for 2022 private placement 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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12. Common shares (continued from previous page)

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>

The fair value of each common share for the 2023 private placement 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	\$0.105
Exercise price of the warrant	\$0.15
Expected volatility of the underlying common share	87.12%
Expected life of the warrant	3 years
Expected dividend yield	0.00%
<u>Risk-free interest rate</u>	<u>4.08%</u>

(ii) 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 year ended December 31, 2022, the Company recognized \$360,000 in respect of the arrangement.

(iii) Issue of common shares on exercise of stock options

In 2022, 10,000,000 common shares were issued upon exercise of stock options. The proceeds received by the Company upon exercise totalled \$1,000,000. An amount of \$440,000 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.

(iv) Issuance costs

In connection with the issuance of Units (Note 12(i)), the Company issued 1,633,229 broker warrants with an estimated fair value of \$97,993 (Note 13), 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 13). 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 and one day hold period from the date of the offering.

In connection with the issuance of Units on June 15, 2023, the Company incurred cash transaction costs of \$524,238 and issued 2,008,195 broker warrants to agents as compensation for the private placement. Each broker warrant is comprised of one common share and one common share purchase warrant. The fair value of the broker warrants was determined to be \$123,780, estimated using the Black-Scholes Model. All fair value inputs of

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12. Common shares (continued from previous page)

the broker warrants match the input of warrants above, with the exception of the broker warrants having an exercise price of \$0.10. The total transaction costs of \$648,018 were allocated based on the relative fair value of the shares and warrants and were recorded as a reduction to the transaction price of the instruments within equity.

The private placement included 19,700,000 units issued to officers and directors.

(v) Issue of common shares on exercise of warrants

In 2022, 162,800 common shares were issued upon the exercise of warrants. The proceeds received by the Company upon exercise totalled \$24,420. An amount of \$4,884 was transferred from the warrant reserve to common shares in connection with the exercise of these warrants, representing the accumulated fair value of the exercised warrants which had previously been recognized as share-based payment expense.

(vi) Issuance of common shares for penalty on repayment of deferred consideration

Pursuant to the Stock Purchase Agreement, in the event the Company completed a New Securities Financing prior to the payment in full of the deferred cash amount, the purchase price will be increased by USD \$2,000,000. The Shareholders agreed to accept the penalty payment in the form of USD \$1,000,000 cash and USD \$1,000,000 in common shares of the Company at a price per payment share equal to the greater of (i) CDN\$0.10 or (ii) the market price of the common shares on the Canadian Securities Exchange (CSE) on the day immediately preceding the day this Agreement is executed by all Shareholders. As of September 30, 2023, the cash payment has been paid and the remaining common shares has been issued at a share price of CDN\$0.10.

(vii) Issuance of common shares for contingent consideration

Pursuant to the Stock Purchase Agreement, the Company issued 4,666,666 common shares to Joybox shareholders for achieving specific revenue thresholds at a price per payment share equal to CDN\$0.10. These common shares were issued on July 7, 2023.

13. Warrant reserve

	#	\$
Balance, December 31, 2021	32,088,294	804,722
Private placement of common shares and warrants (Note 12(i))	24,999,999	1,265,397
Warrants issued with debenture units (ii)	455,000	387,346
Issue of warrants for services received in connection with the private placement (i)	1,633,229	97,993
Issuance of broker warrants (ii)	742,259	129,903
Warrants exercised	(162,800)	(4,884)
Warrants expired	(283,874)	-
Issuance costs:		
- paid in cash (Note 12(iv))	-	(47,912)
- paid in warrants (Note 12(iv))	-	(12,474)
Deferred Tax Liability	-	(102,647)
Balance, December 31, 2022	59,472,107	2,517,444
Warrants expired (ii)	(2,320,000)	-
Private placement of common shares and warrants	100,038,500	3,314,742
Issue of Broker Warrants	2,008,195	123,780
Warrants expired (ii)	(25,321,620)	-
Deferred Tax Liability	-	56,900
Issuance Costs:		
- paid in cash (Note 12(iv))	-	(173,704)
- paid in warrants (Note 12(iv))	-	(41,014)
Balance, September 30, 2023	133,877,182	5,798,148

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13. Warrant reserve (continued from previous page)

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

During the year ended December 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 12(i)). 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 12(iv).

The fair value of such broker 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 fair value of broker warrants issued in connection with the June 15, 2023 private placement was estimated using the Black-Scholes Merton formula and the following inputs:

Estimated fair value per common share	\$0.11
Exercise price of the warrant	\$0.13
Expected life of the warrant	3 years
Expected volatility of the underlying common share	82%
Risk-free interest rate	4.4%

(ii) Issue of warrants in connection with issuance of Debenture Units

During November 2022, the Company issued 4,550 Debenture Units (Note 10) with each Debenture Unit comprised of \$1,000 principal amount of 12% secured debentures of the Company and 100 common share purchase warrants. In total, 455,000 warrants were issued as part of these units and 742,259 broker warrants were also issued.

The fair value of the warrants issued on November 3, 2022 was estimated using the Black-Scholes Merton formula and the following inputs:

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13. Warrant reserve (continued from previous page)

Estimated fair value per common share	\$0.14
Exercise price of the warrant	\$0.07
Expected life of the warrant	3 years
Expected volatility of the underlying common share	82.0%
Risk-free interest rate	4.0%

The fair value of the warrants issued on November 24, 2022 was estimated using the Black-Scholes Merton formula and the following inputs:

Estimated fair value per common share	\$0.11
Exercise price of the warrant	\$0.07
Expected life of the warrant	3 years
Expected volatility of the underlying common share	82.0%
Risk-free interest rate	3.6%

(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 year ended December 31, 2022, the Company recognized \$60,055 (year ended December 31, 2021 - \$259,945) 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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13. Warrant reserve (continued from previous page)

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

	Number of warrants #	Weighted average exercise price \$
Balance, December 31, 2021	32,088,294	0.36
Issued	27,830,487	0.28
Exercised	(162,800)	0.12
Expired	(283,874)	0.12
Balance, December 31, 2022	59,472,107	0.33
Issued	102,046,695	0.15
Expired	(27,641,620)	0.38
Balance, September 30, 2023	133,877,182	0.18

Additional information regarding warrants outstanding at September 30, 2023 follows.

	Warrants outstanding	
Exercise price	Number of warrants #	Weighted average remaining contractual life (in years)
\$0.07	1,197,259	2.1
\$0.20	1,633,229	0.3
\$0.29	4,000,000	0.6
\$0.30	24,999,999	0.3
\$0.15	100,038,500	2.7
\$0.10	2,008,195	2.7
	133,877,182	2.2

14. 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.

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

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	56,154,599
Issued and outstanding at end of period	(52,672,600)
Number of options available for grant under the Plan at September 30, 2023	3,481,999

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

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 September 30, 2023		Year ended December 31, 2022	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance, beginning of period	35,047,500	0.21	10,842,500	0.40
Granted	-	0.40	1,040,000	0.40
Granted	-	0.10	17,050,000	0.10
Granted	-	0.12	125,000	0.12
Granted	-	0.13	16,450,000	0.13
Granted	9,600,000	0.155	-	-
Exercised	-	0.10	(10,000,000)	0.10
Forfeited	(650,000)	0.40	-	-
Forfeited	-	0.40	(460,000)	0.40
Forfeited	(350,000)	0.13	-	-
Forfeited	(250,000)	0.155	-	-
Cancelled	(50,000)	0.155	-	-
Granted	9,325,100	0.11	-	-
Balance, end of period	52,672,600	0.18	35,047,500	0.21
Exercisable, end of period	52,672,600	0.18	35,016,250	0.21

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

The weighted average fair value of share options granted during the period was \$0.13. 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	\$	0.13
Weighted average exercise price of the share option	\$	0.13
Weighted average expected volatility of the underlying common share		82.13%
Weighted average expected life of the share option		3 years
Weighted average expected dividend yield		0.00%
Weighted average risk-free interest rate		4.36%

The following table provides additional information about the Company's share option plan at September 30, 2023:

Exercise prices	Share options issued and outstanding	
	Number of options	Weighted average remaining contractual life in years
	#	#
\$0.10	7,050,000	1.8
\$0.11	9,325,100	2.7
\$0.12	125,000	2.2
\$0.13	16,100,000	2.1
\$0.155	9,300,000	2.3
\$0.40	10,772,500	0.8
	52,672,600	1.9

During the three and nine months ended September 30, 2023, the Company recognized share-based compensation expense of nil and \$1,419,006 respectively (three and nine months ended September 30, 2022 - \$358,841 and \$1,263,786 respectively), presented in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss.

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15. Share-based payments

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Share-based compensation				
- stock options (Note 14)	-	358,841	1,419,006	843,731
- common shares (Note 15(iii))	-	-	-	360,000
Issue of common shares for consulting services received (Note 15 (iv))	-	-	-	60,055
	-	358,841	1,419,006	1,263,786

16. Finance costs, net

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest and bank charges	6,024	2,678	11,100	7,360
Interest expense on lease liability	-	-	-	1,801
Accretion expense arising on deferred consideration (Note 8)	(48)	31,008	31,630	56,232
Interest and accretion expense on debenture units (Note 10)	151,242	-	433,888	-
Interest income	(557)	-	(729)	-
	156,661	33,686	475,889	65,393

17. 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 2022.

The capital structure of the Company consists of net debt (comprising amounts due to related parties, 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.

18. 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 cash, trade receivables, convertible debentures, contingent consideration, accounts payable and accrued liabilities and amounts due to related parties) approximate fair value due to their short-term nature.

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18. Financial instruments (continued from previous page)

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. The maximum credit exposure at September 30, 2023 is the carrying amount of cash, trade and other receivables and restricted cash. The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance.

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 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 management with oversight by 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.

	Less than one year	Later than one year and not later than five years	Later than five years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,947,876	-	-	2,947,876
Due to related parties	10,500	-	-	10,500
Deferred consideration	-	-	-	-
Contingent consideration liability	121,680	-	-	121,680
Debenture units	-	7,200,000	-	7,200,000
	3,080,056	7,200,000	-	10,280,056

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, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

18. Financial instruments (continued from previous page)

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 in CDN.

	September 30, 2023	December 31, 2022
	\$	\$
Monetary assets		
U.S. dollars	465,264	563,472
Monetary liabilities		
U.S. dollars	(397,542)	(3,007,910)

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	
	2023	2022
Increase / (decrease) in profit	(9,156)	331,075

19. 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.

Geographic information:

	Canada	United States	Total
	\$	\$	\$
Revenue	2,893,599	885,515	3,779,114
Property and equipment	1,803	-	1,803

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

20. Contingent liabilities

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.

Statement of claim – November 10, 2022

On November 10, 2022, the Company received a Statement of Claim in the Ontario Superior Court of Justice between Hybrid Financial Ltd. and the Company. The Plaintiff claims judgment against the Company in the amount of \$270,000 for breach of contract; for unjust enrichment or quantum meruit in the amount of \$270,000; pre and post judgement interest at the rate prescribed by sections 128 and 129 of the Courts of Justice Act; costs of this action; and such further and other relief the Court deems just.

On May 15, 2023, the Company and the Plaintiff reached a settlement of \$118,000. This amount was paid as of June 30, 2023.

Statement of claim – February 28, 2023

On February 28, 2023, the Company received a Notice of Claim where the Claimant, D&H Group LLP, is claiming non-payment of fees due and owing for the performance of an audit engagement and review engagement performed by the Claimant. The total claim is in the amount of \$17,186.34 and relates to the period prior to the reverse takeover transaction with Transglobe. In May 2023, the Company agreed to settle the claim for \$15,000. This amount was accrued at March 31, 2023. Payment was made on June 16, 2023.

21. Events after the reporting period

There are no events occurred subsequent to the reporting period that requires specific disclosures in the condensed consolidated interim financial statement for the three and nine months ended September 30, 2023.