

**FansUnite Entertainment Inc. (formerly HIC Horizons
Investment Capital Ltd.)**

Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2020 and 2019

Expressed in Canadian Dollars

FansUnite Entertainment Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
Assets		
Current		
Cash	\$ 3,877,050	\$ 84,058
Accounts receivable	282,572	18,201
Prepaid expenses and deposits	1,325,334	154,058
Digital currencies	11,408	42,903
Total current assets	5,496,364	299,220
Non-current		
Long term receivable (note 4)	-	161,559
Equipment	12,554	3,375
Goodwill (note 4 and 6)	9,913,885	-
Intangible asset (note 3)	10,151,009	922,888
Long term investments (note 11)	90,923	-
Right of use assets	25,938	-
Due from related parties (note 11)	412,146	-
Total Assets	\$ 26,102,819	\$ 1,387,042
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 569,534	\$ 197,645
Due to related parties, current (notes 4 and 11)	419,207	658,212
Lease liability	34,280	-
Total current liabilities	1,023,021	855,857
Long term debt (note 12)	80,000	-
Lease liability, long term	14,481	-
Total liabilities	1,117,502	855,857
Shareholders' Equity		
Share Capital (note 8)	40,643,624	6,172,515
Share-based payment reserve (note 9)	1,831,464	1,118,953
Warrant Reserve (note 10)	463,387	-
Accumulated other comprehensive loss	(1,048)	(460)
Deficit	(17,952,109)	(6,759,823)
Total Shareholders' Equity	24,985,317	531,185
Total Liabilities and Shareholders' Equity	\$ 26,102,819	\$ 1,387,042

Nature of operations and going concern – Note 1
Commitments and contingencies – Note 12
Subsequent event – Note 13

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 27, 2020

Director: "Darius Eghdami"

Director: "Scott Burton"

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

FansUnit Entertainment Inc.
Consolidated statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	3 months ended September 30		9 months ended September 30	
	2020	2019	2020	2019
Revenue	473,562	-	802,446	-
Cost of sales	303,882	-	539,933	-
Gross Margin	169,680	-	262,513	-
Expenses				
Amortization of intangible assets (note 3)	\$ 378,351	\$ 85,105	\$ 684,185	\$ 255,315
Amortization of equipment	8,309	362	8,815	1,085
Fair value of shares issued on debt settlement	-	-	-	62,501
Foreign exchange loss (gain)	(17,282)	(104)	(3,244)	5,197
General and administrative	159,729	37,098	349,386	166,733
Professional fees	430,596	49,904	748,909	308,159
Salaries and wages (note 11)	428,386	256,672	798,236	709,260
Sales and marketing	711,419	57,098	1,068,264	416,140
Share-based payments (notes 9 and 10)	536,840	123,214	7,710,348	510,038
Total expenses	2,636,348	609,349	11,364,879	2,434,428
Loss before other items	(2,466,668)	(609,349)	(11,102,366)	(2,434,428)
Other items				
Interest expense (income)	(37,800)	(84)	(78,466)	(6,305)
Fair value loss (gain) on digital currencies	(4,040)	46,485	(23,606)	(33,530)
Total paid over present value of identifiable assets (note 11)	20,753	-	191,992	-
Total other items	(21,087)	46,401	89,920	(39,835)
Net loss for the period	(2,445,581)	655,750	(11,192,335)	(2,394,593)
Other comprehensive loss (income)				
Currency translation adjustment	2,920	38	1,049	(389)
Total comprehensive loss	\$ (2,448,501)	\$ (655,788)	\$ (11,193,335)	\$ (2,394,204)
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.15)	\$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	116,656,596	34,915,500	74,397,986	34,915,500

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

FansUnite Entertainment Inc.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share Capital Number of Shares	Amount	Share-based payment reserve	Warrant Reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance as at December 31, 2018	34,915,500	\$ 6,110,014	\$ 493,115	\$ -	\$ (864)	\$ (3,850,327)	\$ 2,751,938
Shares transferred for debt settlement (note 8)	-	62,501	-	-	-	-	62,501
Share-based payments (note 9)	-	-	510,038	-	-	-	510,038
Net and comprehensive loss	-	-	-	-	389	(2,394,593)	(2,394,204)
Balance as at September 30, 2019	34,915,500	\$ 6,172,515	\$ 1,003,153	\$ -	\$ (475)	\$ (6,244,920)	\$ 930,273
Balance as at December 31, 2019	34,915,500	\$ 6,172,515	\$ 1,118,953	\$ -	\$ (460)	\$ (6,759,823)	\$ 531,185
Shares issued in connection with HIC amalgamation (notes 5, 8, and 10)	14,314,000	5,009,900	-	266,397	-	-	5,276,297
Finder's shares issued in connection with HIC amalgamation (notes 5 and 8)	3,361,633	1,176,571	-	-	-	-	1,176,572
Shares on issuance of common shares (note 8)	8,948,326	3,077,732	-	-	-	-	3,077,732
Finder's warrants on issuance of common shares (notes 5, 8, and 10)	-	-	-	162,926	-	-	162,926
Shares issued in connection with corporate advisory fees (note 8)	1,400,000	490,000	-	-	-	-	490,000
Shares issued in connection with McBookie purchase (note 4)	3,497,143	1,224,000	-	-	-	-	1,224,000
Shares issued in connection with V2G loan (note 8 and 11)	3,142,857	1,100,000	-	-	-	-	1,100,000
Warrants exercise (note 8)	124,320	46,902	-	(40,686)	-	-	6,216
Shares issued in connection with Askott amalgamation (note 6)	71,929,812	18,345,495	-	-	-	-	18,345,495
Shares issued in connection with Askott financing	12,712,115	4,000,510	-	-	-	-	4,000,510
Share based payments (notes 9 and 10)	-	-	712,511	74,750	-	-	787,261
Net and comprehensive loss	57,273	-	-	-	(589)	(11,192,286)	(11,192,875)
Balance as at September 30, 2020	154,402,979	\$ 40,643,624	\$ 1,831,464	\$ 463,387	\$ (1,049)	\$ (17,952,109)	\$ 24,985,317

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

FansUnite Entertainment Inc.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Nine months ended September 30	
	2020	2019
Operating activities:		
Net loss	\$ (11,192,286)	\$ (2,394,593)
Adjustments for non-cash items:		
Amortization of equipment	8,814	1,085
Amortization of intangible assets	684,309	255,315
Expenses paid with digital currencies	-	11,335
Fair value gain on digital currencies	(23,605)	(33,530)
Share-based payments	7,710,348	510,038
Shares issued for debt settlement (note 8)	-	62,501
Changes in non-cash working capital items:		
Short-term investment	-	1,000,000
Accounts receivable	310,837	(33,260)
Prepaid expenses and deposits	(1,149,066)	111,818
Accounts payable and accrued liabilities	(556,122)	37,454
Net cash flows used in operating activities	(4,206,771)	(471,837)
Investing activities		
Advances paid	-	(12,500)
Sale of digital currencies	55,100	-
Purchase of property and equipment	(1,927)	-
Net cash flows provided by (used in) investing activities	53,173	(12,500)
Financing activities		
Proceeds from private placements, net of share issuance costs	7,078,244	-
Proceeds from amalgamation with HIC	316,530	-
Repayment to related parties	-	(57,500)
Proceeds from V2G Loan (note 8 and 10)	238,257	-
Proceeds from warrant exercise (note 8)	6,216	-
Proceeds from government loan (note 12)	40,000	-
Funds used in acquisition of McBookie	(365,508)	-
Proceeds from acquisition of Askott Entertainment Inc.	638,292	-
Repayment of lease liability	(4,903)	-
Net cash flows provided by financing activities	7,947,228	(57,500)
Effect of foreign exchange on cash	(638)	389
Change in cash	3,792,992	(541,448)
Cash, beginning	84,058	973,320
Cash, ending	\$ 3,877,050	\$ 431,872

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

1. Nature of Operations and Going Concern

FansUnite Entertainment Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on November 9, 2018 under the name HIC Horizon Investments Capital Ltd. On March 26, 2020, the Company changed its name to FansUnite Entertainment Inc. The Company is a Sports and Entertainment company, focusing on technology related to regulated and lawful online sports betting, casino and other related products.

The Company’s head office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company’s registered office is at 2900, 550 Burrard Street, Vancouver, BC, V6C 0A3.

On March 26, 2020 the Company completed an amalgamation with FansUnite Holdings Inc. (formerly FansUnite Entertainment Inc.), a Company existing under the laws of British Columbia with its head office in Vancouver, British Columbia.

The Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) on May 5, 2020 under the symbol FANS.

On August 11, 2020 the Company completed an amalgamation with Askott Entertainment Inc. (“Askott”), a Company existing under the laws of British Columbia with its head office in Vancouver, British Columbia.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2020, the Company had net working capital of \$4,473,343 (December 31, 2019 – working capital deficit of \$556,637) and has an accumulated deficit of \$17,952,109 (December 31, 2019 - \$6,759,823). These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Presentation

a) Statement of Compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2019. The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements as at and for the year ended December 31, 2019.

b) Principles of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries FansUnite Holdings Inc., FansUnite Media Inc., FansUnite Limited, McBookie Ltd. (“McBookie”), Askott Entertainment Inc., Askott Malta Ltd, and EGG Ltd. Intercompany transactions, balances, income and expenses, and gains or losses are eliminated on consolidation.

2. Basis of Presentation (continued)

c) Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company, FansUnite Holdings and FansUnite Media, Askott Entertainment Inc. The functional currency of FansUnite Limited and McBookie Ltd. is the British Pound. The functional currency of Askott Malta Ltd and EGG Ltd is the Euro.

d) Recent Accounting Pronouncements

Agenda Paper 12 – Holdings of Cryptocurrencies

On September 21, 2019, the IFRS Interpretations Committee released its decision on the holding of cryptocurrencies and concluded that a cryptocurrency meets the definition of an intangible asset to be accounted for in accordance with IAS 38, unless the asset is held for sale in the ordinary course of business, in which case it is to be classified as inventory under IAS 2. The Agenda Paper had no impact on the company's accounting treatment of cryptocurrencies.

3. Intangible Asset

	Websites		Intellectual Property		Developed Technology		Total
Balance, January 1, 2019	\$	-	\$	1,113,308	\$	-	\$ 1,113,308
Additions		150,000		-		-	150,000
Amortization		75,000		265,420		-	340,420
Balance, December 31, 2019		75,000		847,888		-	922,888
Additions (Note 4 and 6)		37,420		1,960,866		7,914,000	9,912,286
Amortization		60,034		525,206		98,925	684,165
Balance, September 30, 2020	\$	52,386	\$	2,283,548	\$	7,781,075	\$ 10,151,009

The Company recognizes amortization on a straight-line basis over five years for websites, two years for the intellectual property, and ten years for developed technology.

4. McBookie Acquisition

On March 26, 2020 (the “acquisition date”) the Company purchased McBookie, a United Kingdom domiciled white label sports betting operation. The Company issued 3,497,143 shares, £300,000 in cash (\$510,270 CAD) and a £300,000 note payable that is non-interest bearing and payable within 12 months from the date of issuance, in exchange for 100% of the issued and outstanding shares of McBookie. In addition, the former directors of McBookie Ltd are entitled to 10% of the annual EBITDA of McBookie Ltd for three years after acquisition. As at December 31, 2019 McBookie owed the Company \$161,559, of which, \$85,930 related to funds held in trust. Upon completion of the acquisition these amounts owing were converted to intercompany amounts, and eliminate upon consolidation. The funds held in trust were returned to the Company.

For accounting purposes, the acquisition was considered to be a business combination under IFRS 3 *Business Combinations* (“IFRS 3”) as the shareholders of the Company acquired control of McBookie following the transaction. The accounting for this transaction resulted in the following:

- (i) The consolidated financial statements of the combined entity are issued under the legal parent, FansUnite Entertainment Inc., and are considered to be a continuation of their financial statements.
- (ii) As McBookie is considered to be the acquiree for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their fair value as of the acquisition date. Management has determined the purchase price allocation, at fair value, to the underlying financial, tangible and intangible assets acquired and liabilities assumed by the Company at the acquisition date. As the functional currency of McBookie is the UK Pound Sterling, all figures have been translated to CAD at the exchange rate in effect on the acquisition date. Accordingly, purchase price allocation was as follows:

Cash consideration	\$	510,270
Present value of note payable (note 10)		484,757
Share consideration (note 7)		1,224,000
Equity consideration	\$	2,219,027
Cash	\$	144,762
Accounts receivable		131,325
Tax receivable		13,202
Intangible asset – website (note 3)		37,420
Customer relationships (note 3)		462,645
Trade name (note 3)		607,221
Goodwill and other intangible assets		1,053,430
Accounts payable and accrued liabilities		(224,465)
Deferred tax liability		(6,513)
Assets acquired	\$	2,219,027

5. Acquisition of FansUnite Holdings Inc.

On March 26, 2020 ("amalgamation date"), the Company completed the amalgamation with FansUnite Holdings Inc. ("FansUnite") (note 1), whereby the Company acquired 100% of the issued and outstanding shares of FansUnite.

Pursuant to the amalgamation, the Company issued 14,314,000 common shares of the Company in exchange for all the issued and outstanding shares of HIC Horizons Investment Capital Ltd. Upon closing of the transaction, the shareholders of FansUnite owned 71% of the issued and outstanding common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by FansUnite.

For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of FansUnite obtained control of the Company. However, as the Company does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

The accounting for this transaction resulted in the following:

- (iii) The consolidated financial statements of the combined entity are issued under the legal parent, FansUnite Entertainment Inc., but are considered a continuation of the financial statements of the legal subsidiary, FansUnite Holdings Inc.
- (iv) As FansUnite is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- (v) Since the shares allocated to the former shareholders of FansUnite Entertainment Inc. on closing the amalgamation is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of FansUnite Entertainment Inc. acquired on closing was expensed in the condensed consolidated interim statement of loss and comprehensive loss as a share based payments.

The fair value of the 14,314,000 common shares for all of HIC Horizons Investment Capital Inc. was determined to be \$5,009,900 or \$0.35 per common share.

- (vi) In connection with the amalgamation, the Company assumed 814,000 warrants exchangeable for one common share of the Company at an exercise price of \$0.05. The fair value for warrants granted have been estimated using the Black-Scholes pricing model assuming no expected dividends and the following weighted average assumptions (note 9):

	September 30, 2020
Risk-free interest rate	1.59%
Expected life (in years)	2
Expected volatility	195%

5. Acquisition of FansUnite Holdings Inc. (continued)

(vii) The fair value of all the consideration given and charged to listing expense was comprised of:

Fair value of the common shares at amalgamation date	\$	5,009,900
Fair value of warrants assumed at amalgamation date		266,397
Fair value of finder's shares issued in connection with amalgamation		1,176,571
Fair value of shares issued in connection with corporate advisory fees		490,000
		<u>6,942,888</u>
Identifiable assets acquired – At March 26, 2020		
Cash		316,530
Receivables		157,103
Trade payables		(290,926)
		<u>182,707</u>
Unidentified assets acquired		
Share based payments	\$	<u>6,760,161</u>

(viii) The Company paid a finder's fee of 2,857,143 shares at the completion of the amalgamation, and 504,490 shares in lieu of cash on the financing. Accordingly, the Company recorded the fair value of \$1,176,572 as share issuance costs. The Company incurred additional share issuance costs of \$55,482.

(ix) The Company paid a corporate advisory fee of 1,400,000 shares at the completion of the amalgamation. Accordingly, the Company recorded the fair value of \$490,000 as share issuance costs.

(x) The comparative figures as at December 31, 2019 and for the three and nine months ending September 30, 2019 are those of FansUnite Holdings Inc.

6. Acquisition of Askott Entertainment Inc.

On August 11, 2020, the Company completed the amalgamation with Askott (note 1). As a result, Scott Burton, CEO of Askott, became the CEO of the Company and Darius Eghdami became the President of the Company. Jeremy Hutchings, the former CTO of Askott, became the CTO of the Company, Ian Winter, the former COO of Askott, became the COO of the Company, Duncan Peter McIntyre resigned as COO of the Company and management of the Company otherwise remained the same. The final terms of the amalgamation were as follows:

Existing Askott shareholders received 1.9193 common shares of the Company for each Askott common share (an "Askott Share") held at closing (the "Exchange Ratio"), representing an implied valuation of \$0.7485 per Askott Share, and resulting in the issuance of an aggregate of 71,171,212 common shares at a price of \$0.39 per common share to the former Askott shareholders. In addition, former holders of 125,000 common share purchase warrants of Askott are now entitled to purchase an aggregate of up to 239,912 FansUnite Shares at an exercise price of approximately \$0.32 per common share with expiry date on May 31, 2023 (the "FansUnite Warrants") and former holders of 1,820,000 stock options of Askott are now entitled to purchase an aggregate of up to 3,493,122 common shares at exercise prices ranging from approximately \$0.26 to \$0.32 per common share, with expiry dates between September 27, 2020 and January 1, 2025 (the "FansUnite Options") (note 9).

6. Acquisition of Askott Entertainment Inc. (continued)

The Company issued an aggregate of 12,712,115 common shares at a price of C\$0.40 per common share upon exchange of the Askott Shares issued in connection with the private placement of subscription receipts (the "Subscription Receipts") for \$5,009,846 (the "Askott Private Placement"), which closed on July 31, 2020. In addition, the former holders of Subscription Receipts are now entitled to purchase an aggregate of up to 6,262,307 common shares at an exercise price of C\$0.55 per common share with expiry date on August 11, 2022 pursuant to the share purchase warrants issued in connection with the Askott Private Placement and the former holders of the broker and advisory warrants issued in connection with the Askott Private Placement are now entitled to purchase an aggregate of up to 779,762 common shares at an exercise price of C\$0.55, with expiry date on July 21, 2022 (collectively, the "FansUnite Financing Warrants") (note 10). The Company incurred costs of \$1,009,336 in transaction and advisory fees related to the private placement.

The Company issued 758,600 common shares at a price of C\$0.39 per share to Haywood Securities Inc. in connection with the previously announced assumption by the Company of Askott's obligations to Haywood for advisory services related to the Transaction (the "M&A Advisory Shares").

For accounting purposes, the acquisition was considered to be a business combination under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of the Company acquired control of Askott following the transaction. The accounting for this transaction resulted in the following:

- (xi) The consolidated financial statements of the combined entity are issued under the legal parent, FansUnite Entertainment Inc., and are considered to be a continuation of their financial statements.
- (xii) As Askott is considered to be the acquiree for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their fair value as of the acquisition date. Management has determined the purchase price allocation, at fair value, to the underlying financial, tangible and intangible assets acquired and liabilities assumed by the Company at the acquisition date. Accordingly, purchase price allocation was as follows:

Share consideration (note 7)		24,519,886
FV of Options assumed		954,975
FV of Warrants assumed		74,750
Restricted share discount		(7,204,116)
Equity consideration	\$	18,345,495
Cash	\$	638,293
Non-cash working capital		(271,879)
Loan due from related parties		365,188
Equipment		8,754
Right of Use asset, net of lease liability		(20,316)
Intellectual Property (note 3)		7,914,000
Developed Technology (note 3)		891,000
Goodwill		8,860,455
CERB loan		(40,000)
Assets acquired	\$	18,345,495

7. Accounts Payable and Accrued Liabilities

	September 30, 2020	December 31, 2019
Accounts payable	\$ 522,618	\$ 52,601
Accrued liabilities	46,916	145,044
	\$ 569,534	\$ 197,645

8. Share Capital

Authorized share capital - Unlimited common shares without par value.

On February 14, 2020 the Company completed a roll back of its issued shares. The 2:1 share consolidation reduced total shares issued from 69,831,000 to 34,915,500. All share and per share information in those financial statements have been retroactively restated to reflect this consolidation.

Issued share capital

As at September 30, 2020 there were 154,402,979 issued and fully paid common shares (December 31, 2018 – 34,915,500).

Nine months ended September 30, 2020

On March 18, 2020, the Company completed a Subscription Receipt Financing for \$3,131,919 whereby, upon conversion of the subscription receipts on March 26, 2020, the Company issued 8,948,326 common shares at a price of \$0.35 per share. The Company recorded \$54,187 in share issuance costs associated with the financing. The Company paid a finder's fee of 2,587,143 common shares, and 504,490 common shares in lieu of cash, in connection with the financing (note 5).

On March 26, 2020 the Company issued a total of 19,075,633 shares in connection with the amalgamation with HIC (note 5). The Company also assumed 814,000 warrants exercisable at \$0.05, convertible for one common share in the Company. The Company acquired \$182,707 in net working capital as part of the acquisition. The balance of \$6,760,161 was expensed as part of the acquisition costs, and was accounted for as stock based compensation (note 5). The Company also issued 3,497,143 shares in connection with the purchase of McBookie (note 4). The Company accounted for the transaction as described in note 4 of these financial statements.

On April 16, 2020 the Company completed an agreement with V2 Games Inc. ("V2"), to purchase a one half interest in a loan agreement between V2 and Just Games Interactive Entertainment LLC, as well as 50,000 shares in GoLeague Technologies Inc. and 239,583 shares in 1166117 BC Ltd. The Company issued 3,142,857 shares as part of the agreement, and the total payments to be received by the Company were an expected USD\$764,939. As of September 30, 2020 the total payment received by the Company are USD\$25,000. Subsequent to September 30, 2020 the Company renegotiated the agreement with V2, which saw V2 repurchase the one half interest in the loan in exchange for assuming a portion of the Company's related party debt, and the Company cancelled 501,484 shares (note 13). The Company retained ownership of GoLeague Technologies Inc. and 1166117 BC Ltd.

On June 18, 2020 124,320 warrants that had been assumed by the Company on March 26, 2020 were exercised. The exercise price was \$0.05 per share, and total proceeds were \$6,216. In exchange, the Company issued 124,320 common shares in the Company.

8. Share Capital (continued)

On August 11, 2020 the Company issued 71,171,212 shares in connection with the acquisition of Askott and 12,712,115 shares in connection with the recently completed private placement (note 6). The Company assumed 3,493,122 stock options exercisable at \$0.26 (note 9), and 239,912 warrants exercisable at \$0.32 (note 10) as part of the transaction. The Company also issued 758,600 shares in connection with the M&A Advisory Shares.

Year ended December 31, 2019

On March 27, 2019 a shareholder of the Company transferred 125,000 shares with a fair value of \$62,501 pursuant to a debt settlement. This transfer was accounted for as a capital contribution to the Company.

9. Stock Options

As of September 30, 2020 the Company has granted 7,443,210 options (December 31, 2019 – 3,015,000) to employees and key advisors of a possible pool of 15,440,298.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2019	3,015,000	0.50
Granted	4,668,122	0.30
Cancelled	239,912	0.32
Outstanding, March 31, 2020	7,443,210	0.38

Additional information regarding stock options outstanding as at September 30, 2020, is as follows:

Exercise price \$	Number of options	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
0.50	3,015,000	8.06			
0.35	500,000	9.50			
0.42	675,000	9.60			
0.26	3,253,210	4.25			
	7,443,210	6.63	0.38	2,710,227	0.44

9. Stock Options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	September 30, 2020	December 31, 2019
Risk-free interest rate	1.12%	2.59%
Expected life (in years)	7.8	10
Expected volatility	123%	115%

The fair value of stock options vested during the nine months ended September 30, 2020 was \$712,511 (September 30, 2019 - \$510,038). The weighted average fair value of stock options granted during the three months ended March 31, 2020 was \$0.26 (March 31, 2019 - \$0.50) per stock option.

10. Warrants

On March 26, 2020, the Company issued 564,439 warrants in connection with the subscription receipt financing. The fair value for warrants granted have been estimated using the Black-Scholes pricing model as described below.

On March 26, 2020, the Company assumed 814,000 warrants previously issued by HIC (note 5).

On June 18, 2020 124,320 warrants that had been previously issued by HIC were exercised. The exercise price was \$0.05 per share, and total proceeds were \$6,216.

On August 11, 2020 the Company assumed 239,912 warrants previously issued by Askott (note 6). The fair value of these warrants was estimated using the Black-Scholes pricing model as described below. The Company also assumed 7,042,069 warrants issued by Askott in the private placement that was completed on July 31, 2020, which were issued as one half warrant and one common share for a subscription price of \$0.40. As the Company's share price on July 31, 2020 was \$0.40 the fair value of these warrants was deemed to be nil.

The following table summarizes the continuity of the Company's warrants:

	Number of warrants	Weighted average exercise price \$
Outstanding, December 31, 2019	-	-
Granted	564,439	0.35
Acquired in connection with HIC amalgamation	814,000	0.05
Acquired in connection with Askott amalgamation	7,281,981	0.55
Exercised	(124,320)	0.05
Cancelled	-	-
Outstanding, September 30, 2020	8,536,100	0.49

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10. Warrants (continued)

Additional information regarding warrants outstanding as at September 30, 2020, is as follows:

Exercise price \$	Number of warrants	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
0.35	564,439				
0.05	689,680				
0.32	239,912				
0.55	7,281,981				
TOTAL	8,536,100	1.79	.49	8,536,100	0.49

The fair value for warrants granted have been estimated using the Black-Scholes pricing model assuming no expected dividends and the following weighted average assumptions:

	September 30, 2020
Risk-free interest rate	1.31%
Expected life (in years)	2.1
Expected volatility	193%

The fair value of warrants vested during the nine months ended September 30, 2020 was \$237,675 (March 31, 2019 - \$nil).

11. Related Party Transactions and Balances

At September 30, 2020, the Company had \$658,212 (December 31, 2019 - \$658,212) owing to Victory Square Technologies Inc. and its subsidiaries. These amounts are unsecured, non-interest bearing and per an agreement between the parties, are not repayable until the Company is sold in an arm's length transaction to a third party. The Company and Victory Square have entered into an agreement whereby Victory Square will not call the loan for at least twelve months.

At March 31, 2020 the Company had £300,000 owing to McBookie, in connection with the acquisition that completed on March 26, 2020 (note 4). The present value of the note payable is \$496,863, carrying a discount rate of 5% per annum.

In connection with the agreement with V2 (note 8), the Company expected to receive payments totaling USD\$764,939, from the time of signing (April 16, 2020) until January, 2022. As of September 30, 2020, the Company has received USD\$25,000 in payments related to this agreement. The present value of the total payments at April 16, 2020 was USD\$837,838 (\$593,286), and as such, the Company booked an expense related to the total value paid over the present value of identifiable assets. The total value attributed to the agreement is outlined in the table below.

11. Related Party Transactions and Balances (continued)

Fair value of the common shares at agreement	\$	1,100,000
		1,100,000
Identifiable assets acquired – At April 16, 2020		
Present value, loan receivable		837,838
50,000 shares in GoLeague Technologies Inc.		15,000
239,583 shares in 1166117 BC Ltd		75,923
		928,761
Unidentified assets acquired		
Present value difference, loan receivable	\$	171,239

On October 9, 2020 the Company renegotiated the agreement with V2, which saw V2 repurchase the one half interest in the loan in exchange for assuming \$658,212 of the Company's related party debt, and the Company cancelled 501,484 shares (note 13). The Company retained ownership of GoLeague Technologies Inc. and 1166117 BC Ltd. At September 30, 2020, the Company has valued the loan receivable as \$658,212 plus the value of the shares repurchased in connection with the sale of the loan. The difference was expensed in the statement of profit and loss.

As at September 30, 2020 the Company had \$363,115 due from EGG N.V. Curacao and \$49,031 due from Winana Worldwide Limited (Cyprus). Askott Entertainment Inc. has an exclusive software license agreement with EGG N.V. to resell its software services. Winana is a subsidiary company to EGG N.V. that provides it various support services in Europe. Askott has an exclusive purchase agreement to acquire EGG N.V. and its subsidiaries.

Key Management Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive leadership team. Such compensation was comprised of:

- \$20,492 (2019 – \$nil) to the CEO, \$93,279 (2019 – \$90,000) paid to the President, \$88,120,000 (2019 - \$87,000) to the CFO, \$16,393 (2019 – \$nil) paid to the COO, \$16,393 (2019 – \$nil) paid to the CTO and \$14,557 (2019 - \$90,000) to the former COO recorded in salaries and benefits; and,
- Share-based payments with a fair value of \$404,623 (2019 – \$340,102) related to options granted to Officers and Directors of the Company.

12. Commitments and Contingencies

- On April 30, 2020 the Company received \$40,000 from the Government of Canada through the Canada Emergency Business Account (CEBA). The CEBA is a one-time, interest free loan that does not have to be repaid until December 31, 2022. In conjunction with the purchase of Askott Entertainment Inc., FansUnite assumed Askott's \$40,000 CEBA loan. If the Company repays the loans on or before December 31, 2022 the Government of Canada will forgive \$10,000 of each loan, for \$20,000 total.

13. Subsequent Events

- a) Throughout 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID- 19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.
- b) On October 9, 2020 the Company renegotiated the agreement with V2 (note 11), which saw V2 repurchase the one half interest in the loan in exchange for assuming \$658,212 of the Company’s related party debt, and the Company cancelled 501,484 shares. The Company retained ownership of GoLeague Technologies Inc. and 1166117 BC Ltd.
- c) Subsequent to quarter end, 695,089 warrants and 348,378 options were exercised for gross proceeds of \$473,936