1Wondr Gaming Corporation
Financial Statements
December 31, 2020 and 2019

To the Shareholders of 1Wondr Gaming Corporation:

Opinion

We have audited the financial statements of 1Wondr Gaming Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended December 31, 2020 and for the period from May 6, 2019 (date of incorporation) to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and for the period from May 6, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

March 26, 2021 — Licensed Public Accountants

1Wondr Gaming Corporation

Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019
	$	$
Assets		
Current assets		
Cash	**263,699**	130,267
Receivables (Note 4)	**21,073**	458
Prepaid expenses and deposits	**147,211**	-
	431,983	130,725
Deposits	**4,425**	-
Deferred development costs (Note 5)	**183,701**	-
Right-of-use asset (Note 6)	**66,883**	-
Investment in a private company (Note 7)	**163,245**	160,000
	850,237	290,725
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**489,525**	57,571
Deposits for share subscriptions (Note 9)	**-**	490,000
Due to related parties (Note 12)	**3,672**	24,929
Current portion of lease liability (Note 6)	**43,628**	-
	536,825	572,500
Lease liability (Note 6)	**20,169**	-
	556,994	572,500
Shareholders' Equity (Deficiency)		
Common shares (Note 9)	**2,495,714**	458
Warrant reserve (Note 10)	**13,400**	-
Deficit	**(2,215,871)**	(282,233)
	293,243	(281,775)
	850,237	290,725

Approved on behalf of the board

Income taxes (Note 8)
Commitments (Note 11)
Significant event (Note 16)
Contingent liability (Note 17)
Events after the reporting period (Note 18)

[Signed] Director

[Signed] Director

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

1Wondr Gaming Corporation

Statements of Loss and Comprehensive Loss
For the Year Ended December 31, 2020 and the period from
May 6, 2019 (date of incorporation) to December 31, 2019
(Expressed in Canadian dollars)

	2020	For the period from May 6, 2019 (date of incorporation) to December 31, 2019
	$	$
Expenses		
Research and development (Note 5)	**1,245,000**	-
Consultants and subcontractors (Note 12)	**434,248**	80,000
General and administrative	**104,464**	144,662
Professional fees	**72,725**	57,571
Salaries, wages and benefits (Note 12)	**28,903**	-
Short-term and variable lease payments (Notes 6, 12)	**12,493**	-
Depreciation (Note 6)	**22,294**	-
Share-based compensation (Note 9)	**7,392**	-
Foreign exchange loss	**2,099**	-
Interest expense on lease liability (Note 6)	**4,020**	-
Net loss and total comprehensive loss	**(1,933,638)**	(282,233)
Basic and diluted loss per share	**(0.03)**	(0.01)
Weighted average number of common shares outstanding	**68,987,732**	45,750,000

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

1Wondr Gaming Corporation

Statements of Changes in Shareholders' Equity (Deficiency)
For the Year Ended December 31, 2020 and the period from May 6, 2019 (date of incorporation) to December 31, 2019
(Expressed in Canadian dollars)

	Common shares	Warrant reserve	Deficit	Total shareholders' equity (deficiency)
	$	$	$	$
Balance, May 6, 2019 (date of incorporation)	-	-	-	-
Issue of common shares for cash (Note 9)	458	-	-	458
Net loss and total comprehensive loss	-	-	(282,233)	(282,233)
Balance, December 31, 2019	458	-	(282,233)	(281,775)
Issue of common shares for cash (Note 9)	2,601,871	-	-	2,601,871
Share-based compensation (Note 9)	7,392	-	-	7,392
Issuance costs:				
- paid in cash	(100,607)	-	-	(100,607)
- paid by issuance of warrants (Note 10)	(13,400)	13,400	-	-
Net loss and total comprehensive loss	-	-	(1,933,638)	(1,933,638)
Balance, December 31, 2020	**2,495,714**	**13,400**	**(2,215,871)**	**293,243**

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

1Wondr Gaming Corporation
Statements of Cash Flows
For the Year Ended December 31, 2020 and the period from
May 6, 2019 (date of incorporation) to December 31, 2019
(Expressed in Canadian dollars)

	2020	For the period from May 6, 2019 (date of incorporation) to December 31, 2019
	$	$
Cash flows used in operating activities		
Net loss	**(1,933,638)**	(282,233)
Adjustments for:		
Depreciation (Note 6)	**22,294**	-
Share-based compensation (Note 9)	**7,392**	-
Interest expense on lease liability (Note 6)	**4,020**	-
	(1,899,932)	(282,233)
Changes in non-cash working capital items:		
Receivables	**(20,615)**	(458)
Prepaid expenses and deposits	**(104,425)**	-
Accounts payable and accrued liabilities	**431,954**	57,571
	(1,593,018)	(225,120)
Cash flows used in investing activities		
Repayment of advances received from related parties	**(21,257)**	-
Advances received from related parties	**-**	24,929
Deferred development costs (Note 5)	**(183,701)**	-
Investment in a private company (Note 7)	**(3,245)**	(160,000)
	(208,203)	(135,071)
Cash flows from financing activities		
Proceeds from issue of common shares (Note 9)	**2,111,871**	458
Deposits received for share subcriptions (Note 9)	**-**	490,000
Lease payments (Note 6)	**(29,400)**	-
Share issue costs (Note 9)	**(100,607)**	-
Transaction costs (Note 16)	**(47,211)**	-
	1,934,653	490,458
Net increase in cash	**133,432**	130,267
Cash, beginning of year/period	**130,267**	-
Cash, end of year/period	**263,699**	130,267

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

1. General information

1Wondr Gaming Corporation (the "Company") was incorporated under the laws of the Province of Ontario on May 6, 2019. The Company's principal place of business is 405-120 Carlton St., Toronto, Ontario, Canada.

1Wondr Gaming Corporation, a development stage technology company, plans to build and acquire assets focused on esports loyalty and rewards programs to unite the global gaming community.

2. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issuance by the board of directors on March 26, 2021.

Global outbreak of COVID-19 (coronavirus)

In 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Company has not been significantly impacted as a result of COVID-19 to-date, although it is difficult to measure the impact with certainty. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. Generally, the esports ecosystem has benefited from a continued increase in user activity and interest from retail and institutional investors, offsetting the otherwise negative impacts of the COVID-19 outbreak.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in Canadian dollars, the Company's functional currency, except share and per share amounts or as otherwise noted.

The principal accounting policies are set out below.

Application of new and amended standards and interpretations

IFRS 16 *Leases*

The Company early adopted IFRS 16 *Leases* ("IFRS 16") as issued by the IASB in January 2016. The standard has been applied since the Company's incorporation on May 6, 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 *Leases* ("IAS 17"), IFRIC 4 *Determining whether an Arrangement contains a Lease* ("IFRIC 4"), SIC 15 *Operating Leases – Incentives* ("SIC 15"), and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* ("SIC 27").

IFRS 16 removes the distinction between operating and finance leases from the lessee's perspective and introduces a single lessee accounting model. The standard requires a lessee to recognize a "right-of-use" asset and a corresponding lease liability for substantially all leases, except for leases with terms less than 12 months and leases of low value assets. Requirements for lessor accounting are largely unchanged from IAS 17. IFRS 16 also results in reclassification of the nature of lease expenses to depreciation and interest expense, from their classification of "rent expense" under IAS 17.

2. Significant accounting policies *(continued from previous page)*

Application of new and amended standards and interpretations (continued from previous page)

IFRS 16 *Leases* *(continued from previous page)*

The Company's accounting policy for leases is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The functional and presentation currency of the Company is the Canadian dollar.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Deferred development costs

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

The Company's deferred development costs include the cost of materials and services used and consumed in developing its gaming rewards and loyalty platform and the cost of employee benefits related to personnel who were directly responsible for technology development.

2. Significant accounting policies *(continued from previous page)*

Deferred development costs (continued from previous page)

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

At December 31, 2019, the Company's gaming rewards and loyalty platform was still under development. Accordingly, no amount of amortization has been recognized to-date. Management will assess the useful life of the asset once it is available for use.

Impairment of intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets (comprising deferred development costs) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2. Significant accounting policies *(continued from previous page)*

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or loss or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or loss or directly in equity, respectively. Where deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government assistance and investment tax credits

Government grants are recognized when the Company has complied with the terms and conditions of the approved grant program. Government grants, related to research and development activity, and investment tax credits, which are earned as a result of qualifying Scientific Research and Experimental Development (“SR&ED”) expenditures, are recognized as a reduction to salaries, wages and benefits expense during the period in which the related expenditures are incurred, provided the Company has reasonable assurance with respect to the realization of the related receivable.

The Company claims SR&ED deductions and related investment tax credits for income tax purposes based upon management’s interpretation of the applicable legislation in the Income Tax Act (Canada). Investment tax credits are subject to Canada Revenue Agency (“CRA”) review and assessment of the eligibility of the Company’s research expenditures. Actual investment tax credits received may differ from those estimated and recorded in these financial statements.

Financial instruments

IFRS 9 *Financial Instruments* (“IFRS 9”) contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss except where the Company has irrevocably elected on initial recognition to present in other comprehensive income the fair value gains and losses of an equity investment that is neither held for trading nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

On initial recognition, the Company made the irrevocable election to present in other comprehensive income the fair value gains and losses from its investment in Rival.ai Inc. (Note 7).

2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Company either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;

- Retains the right to receive the contractual cash flows of the financial asset but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Company retains the risks and rewards of ownership. When the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Company derecognizes the financial asset. At the same time, the Company separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities, except for financial liabilities subsequently measured at fair value through profit or loss, are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Classification of financial instruments

The following table summarizes the classification of the Company's financial instruments:

Asset / liability:	Classification:
Cash	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Investment in a private company	FVOCI
Accounts payable and accrued liabilities	Amortized cost
Deposits for share subscriptions	Amortized cost
Due to related parties	Amortized cost
Lease liability	Amortized cost

Fair value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

Level 1 inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Loss per share

Basic loss per share is calculated by dividing net loss (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year/period.

For the purpose of calculating diluted loss per share, the Company adjusts net loss, and the weighted average number of common shares outstanding during the year/period, for the effects of all dilutive potential common shares. Potential common shares, such as warrants and stock options, are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share.

3. 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.

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

<u>Going concern</u>

Assessing the Company's ability to continue as a going concern requires management to make significant judgments and estimates of future cash flows and other future events, the outcome of which is uncertain. Management's assessment is largely based on events and conditions that transpire after the reporting period, such as cash inflows from financing activities and other known developments.

<u>Selecting the option pricing model to estimate the fair value of equity instruments granted</u>

The Company uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Fair value of investment in a private company</u>

The Company measures its equity investment in Rival.ai Inc. at fair value. On initial recognition, the Company irrevocably elected to present in other comprehensive income the fair value gains and losses arising from the equity investment. The Company's investment in a private company is neither held for trading nor contingent consideration acquired in a business combination. Management believes the election made best reflects the business model for managing its investment. Measuring the investment in Rival.ai Inc. at each reporting date requires management to make significant judgments and estimates.

<u>Valuation of common share purchase warrants and equity-settled share-based payments</u>

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

<u>Impairment of non-financial assets</u>

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights. At the period end, management concluded that none of the Company's non-financial assets were impaired.

(Expressed in Canadian dollars)

4. Receivables

	December 31, 2020	December 31, 2019
	$	$
Harmonized sales tax receivable	**20,615**	-
Other receivables	**458**	458
	21,073	458

5. Deferred development costs

	Gaming rewards and loyalty platform
	$
Cost	
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-
Additions	183,701
Balance, December 31, 2020	**183,701**
Carrying amount	
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	**-**
December 31, 2020	**183,701**

At December 31, 2020, the development phase of the Company's gaming rewards and loyalty platform was still underway. Accordingly, no amount of amortization has been recognized in profit or loss to-date.

In 2020, the Company entered into an arrangement with a service provider, a company controlled by a shareholder of the Company, to support the development of the Company's gaming rewards and loyalty platform. The Company received the services during the research phase of the project. Accordingly, the $1,245,000 (2019 - $nil) of fees paid to the service provider were recognized as an expense in the statement of loss and comprehensive loss for the year, presented in the line item 'research and development'. At December 31, 2020, a balance of $350,000 (December 31, 2019 - $nil) was included in accounts payable and accrued liabilities in respect of the arrangement. The balance payable is unsecured.

6. Right-of-use asset and lease liability

In 2020, the Company entered into a lease agreement with a related party for office premises. The lessor is a company owned by a shareholder of 1Wondr Gaming Corporation. The Company recognized a right-of-use asset and corresponding lease liability upon entering into the lease. The lease liability was measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease of 12%.

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

	Office premises
	$
Cost	
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-
Recognized during the year	89,177
Balance, December 31, 2020	**89,177**
Accumulated depreciation	
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-
Depreciation	22,294
Balance, December 31, 2020	**22,294**

(Expressed in Canadian dollars)

6. Right-of-use asset and lease liability *(continued from previous page)*

	Office premises
	$
Carrying amount	
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-
December 31, 2020	**66,883**

The right-of-use asset is being depreciated on a straight-line basis over the remaining lease term, ending July 14, 2022. In 2020, the Company recognized depreciation expense of $22,294 (2019 - $nil), included in the line item 'depreciation' in the statements of loss and comprehensive loss.

In 2020, short-term and variable lease payments not included in the measurement of the lease liability totalled $12,493 (2019 - $nil). These payments were recognized as an expense in the statements of loss and comprehensive loss for the year.

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

	$
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	**-**
Recognized during the year	**89,177**
Interest expense	**4,020**
Lease payments	**(29,400)**
Balance, December 31, 2020	**63,797**

A reconciliation of the current and non-current components of the lease liability as at December 31, 2020 follows:

	$
Current	**43,628**
Non-current	**20,169**
	63,797

The following table provides a maturity analysis of the Company's lease liability. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

	$
2021	**45,600**
2022	**22,800**
	68,400

7. Investment in a private company

In 2019, the Company acquired 533,333 common shares of Rival.ai Inc. ("Rival") for cash consideration of $160,000, representing a 5.6% non-voting equity interest on a non-diluted basis. In 2020, the Company acquired an additional 10,817 common shares of Rival for cash consideration of $3,245 for a total ownership of 544,150 common shares, representing a 5.7% non-voting equity interest on a non-diluted basis. Rival, a private company located in Ontario, Canada, is an esports artificial intelligence integration company that provides esports data and algorithms for betting lines to gaming platforms, as well as insights and toolsets for esports broadcasters and streamers.

(Expressed in Canadian dollars)

7. Investment in a private company *(continued from previous page)*

The fair value of the Company's investment in Rival is determined using the market approach, where the most recent market transaction is used for valuation purposes provided there were new third party investors also investing as part of the same transaction and there are no indications that the fair value of the investment has subsequently declined. Where there are such indications, the fair value of the investment is reduced to management's best estimate considering all information available.

At December 31, 2020, the fair value of the Company's investment in Rival was estimated to be $163,245 (December 31, 2019 - $160,000), equal to the original cost of the investment. Accordingly, there was no gain or loss recognized in other comprehensive income during the year.

8. Income taxes

The following schedule reconciles the expected income tax expense (recovery) at the Canadian combined federal and provincial statutory rate of 26.5% to the amounts recognized in the statements of loss and comprehensive loss:

	2020	For the period from May 6, 2019 (date of incorporation) to December 31, 2019
	$	$
Net loss	**(1,933,638)**	(282,233)
Statutory rate	**26.5%**	26.5%
Expected income tax recovery	**(512,414)**	(74,792)
Expenses not deductible for tax purposes	**13,611**	13,625
Share issuance costs recognized directly in equity	**(26,661)**	-
Change in tax benefits not recognized	**525,464**	61,167
Income tax expense	**-**	-

Deferred tax assets (liabilities) recognized are as follows:

	December 31, 2020	December 31, 2019
	$	$
Deferred tax liabilities		
Right-of-use asset	**(17,724)**	-
Deferred tax assets		
Non-capital losses available for carryforward	**17,724**	-
Net deferred tax asset (liability)	**-**	-

Tax benefits for which no deferred tax assets have been recognized are attributable to the following:

	December 31, 2020	December 31, 2019
	$	$
Lease liability	**16,906**	-
Share issue costs	**21,329**	-
Non-capital losses available for carryforward	**548,396**	61,167
	586,631	61,167

The Company has not recorded a deferred tax asset related to these unused tax benefits as it is uncertain if future taxable income will be available against which these unused tax attributes can be utilized.

(Expressed in Canadian dollars)

8. Income taxes *(continued from previous page)*

The Company has non-capital losses for tax purposes of $2,136,300 that may be used to reduce taxable income in the future. If not utilized, these losses will expire as follows:

	$
2039	230,817
2040	1,905,483
	2,136,300

9. Common shares

Authorized

The Company is authorized to issue shares without nominal or par value divided as follows:

- An unlimited number of Class “A” Common Voting shares; and
- An unlimited number of Class “B” Common Non-voting shares.

Voting

Only the holders of Class “A” Common Voting shares are entitled to notice of and attend at meetings of the shareholders of the Company. The holders of Class “A” Common Voting shares are entitled to one vote for each share held.

Dividends

The holders of Class “A” Common Voting shares and Class “B” Common Non-voting shares are entitled to receive dividends, if and when declared by the board of directors. In the event of dissolution, the holders of Class “A” Common Voting shares and Class “B” Common Non-voting shares are entitled to receive rateably the remaining property of the Company.

Issued

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

	#	$
Balance, May 6, 2019 (date of incorporation)	-	-
Issue of Class "A" Common Voting shares for cash	45,750,000	458
Balance, December 31, 2019	45,750,000	458
Issue of Class "A" Common Voting shares for cash	44,394,466	2,601,871
Share-based compensation	500,000	7,392
Issuance costs:		
- paid in cash	-	(100,607)
- paid by issuance of warrants (Note 10)	-	(13,400)
Balance, December 31, 2020	**90,644,466**	**2,495,714**

In 2019, the Company received deposits for share subscriptions totalling $490,000. At December 31, 2019, the subscription agreements had not been executed. Accordingly, the deposits were recognized as a liability in the statement of financial position at December 31, 2019, included in the line item ‘deposits for share subscriptions’.

In 2020, the Company completed a private placement of 44,394,466 Class “A” Common Voting shares for cash consideration of $2,601,871, of which $2,111,871 was received in 2020. The previously received deposits of $490,000 were applied to the subscription price of Class “A” Common Voting shares upon execution of the corresponding subscription agreements in connection with the private placement.

(Expressed in Canadian dollars)

9. Common shares *(continued from previous page)*

Issued (continued from previous page)

In 2020, the Company awarded 500,000 Class "A" Common Voting shares with an estimated fair value of $30,000 ($0.06 per share) to an officer of the Company as part of a remuneration package. If the officer's employment with the Company terminates within one year of its commencement, the terms of the arrangement require the officer to sell the shares back to the Company for a nominal amount. Consequently, the fair value of the shares awarded is being expensed on a straight-line basis over the one-year performance period. In 2020, the Company recognized an expense of $7,392 (2019 - $nil) in respect of the share-based payment, presented in the line item 'share-based compensation' in the statements of loss and comprehensive loss.

10. Warrant reserve

	#	$
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-	-
Issued during the year	446,674	13,400
Balance, December 31, 2020	**446,674**	**13,400**

In 2020, the Company issued 446,674 common share purchase warrants with an estimated fair value of $13,400 ($0.03 per warrant) to consultants for services received in connection with the private placement of common shares (Note 9). Each warrant entitles the holder thereof to acquire one Class "A" Common Voting share of the Company for a price of $0.12 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 consulting 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 in equity.

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

Estimated fair value per common share	$0.12
Exercise price of the warrant	$0.12
Expected volatility of the underlying common share	44.6%
Expected life of the warrant	2 years
Expected dividend yield	0.0%
Risk-free interest rate	0.2%

No active market exists for the Company's common shares. For this reason, the Company considers the historical volatility of similar entities for which share price information is publicly-available when estimating the expected volatility.

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

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2019 and May 6, 2019 (date of incorporation)	-	-
Issued during the year	446,674	0.12
Balance, December 31, 2020	**446,674**	**0.12**

11. Commitments

The Company has contractual commitments for the continued development of its gaming rewards and loyalty platform (Note 5) which will require aggregate payments as follows (expressed in U.S. Dollars ("USD")):

2021	USD	906,142
2022	USD	1,200,000
2023	USD	1,200,000
2024	USD	300,000
	USD	3,606,142

12. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	2020	For the period from May 6, 2019 (date of incorporation) to December 31, 2019
	$	$
Short-term benefits	**459,248**	80,000
Share-based compensation	**7,392**	-
	466,640	80,000

Short-term benefits include salaries of $25,000 (2019 - $nil) and consulting fees of $434,248 (2019 - $80,000). Consulting fees, paid to companies controlled by key management personnel, were recognized in the line item 'consultants and subcontractors' in the statements of loss and comprehensive loss.

The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

Due to related parties

Amounts due to related parties are owed to key management personnel for reimbursement of various business expenditures that such individuals made payment for on behalf of the Company. Amounts due to related parties are unsecured, non-interest bearing and payable on demand.

Other related party transactions

Refer to Notes 5 and 6 for disclosure of other related party transactions.

13. 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 2019.

The capital structure of the Company consists of net debt (comprising amounts due to related parties, lease liability offset by cash) and equity (comprising common shares, warrant reserve and deficit).

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

14. Financial instruments

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

Fair value

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

Credit and concentration risk

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

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

Interest rate risk

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

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

Liquidity risk

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

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

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

	Later than one year	Later than one year and not later than five years	Later than five years	Total
	$	$	$	$
Accounts payable and accrued liabilities	489,525	-	-	489,525
Due to related parties	3,672	-	-	3,672
	493,197	-	-	493,197

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

14. 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 were insignificant.

15. 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 financial statements.

The Company's assets are entirely located in Canada.

16. Significant event

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

Pursuant to the terms of the Definitive Agreement, and upon the satisfaction or waiver of the conditions set out therein, the following, among other things, are required to be prior to consummation of the Proposed Transaction:

(i) Transglobe will consolidate its issued and outstanding common shares (the "Consolidation") on the basis of one (1) post-Consolidation common share for every 30 outstanding common shares in the capital of Transglobe;

(ii) Transglobe will change its name to "1Wondr Gaming Corp." or such other similar name as the parties may agree (the "Name Change");

(iii) Transglobe or 1Wondr will use its best efforts to complete a private placement financing (the "Concurrent Financing") of subscription receipts at a minimum price of $0.20 per subscription receipt to raise minimum gross proceeds of $3,000,000;

(iv) 2778533 Ontario Inc., a newly incorporated, wholly-owned subsidiary of Tranglobe formed solely for the purpose of facilitating the Proposed Transaction, will amalgamate with 1Wondr, pursuant to which, among other things, all outstanding common shares of 1Wondr (the "1Wondr Shares") and all securities convertible into 1Wondr Shares shall be exchanged for replacement securities of the Resulting Issuer, one-for-one on a post-Consolidation basis, exercisable in accordance with their terms; and

(v) the board of directors and management of the Resulting Issuer will be replaced with nominees of 1Wondr.

The Proposed Transaction is subject to the conditions set out in the Definitive Agreement, including but not limited to obtaining the requisite approval of Transglobe's and 1Wondr's securityholders, completion by 1Wondr of the Concurrent Financing, Consolidation and Name Change.

In 2020, the Company incurred $47,211 (2019 - $nil) of legal and professional fees in connection with preparation for the Proposed Transaction, recognized in the line item 'prepaid expenses and deposits' in the statement of financial position as at December 31, 2020.

17. Contingent liability

On March 17, 2021, a statement of claim was filed against the Company and two directors/officers involving the alleged breach of contract, breach of fiduciary duty, knowing assistance of breach of fiduciary duty, breach of the duty of honest performance, unjust enrichment, breach of trust, appropriation of corporate opportunities and unlawful means. The claim seeks damages in the sum of $320 million. The Company, together with legal counsel, is in the process of preparing a statement of defence in response to the claim. Management believes that the claim is baseless and without merit. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result. Accordingly, the outcome of the claim is not yet determinable, and the extent to which an outflow of funds may be required to settle this possible obligation cannot be reliably determined.

18. Events after the reporting period

Concurrent Financing

Pursuant to the terms of the Definitive Agreement, and as condition to the consummation of the Proposed Transaction (Note 16), on February 9, 2021, 1Wondr completed the Concurrent Financing of an aggregate of 44,091,500 subscription receipts at a price of $0.20 per subscription receipt for aggregate gross proceeds of $8,818,300. Immediately prior to consummation of the Proposed Transaction, the subscription receipts will automatically convert into 44,091,500 common shares of 1Wondr and 22,045,750 warrants to purchase common shares of 1Wondr, subject to the completion of the release conditions. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.40 per share for a period of two years from the closing date.

The Company is expected to incur cash issuance costs equal to 8% of the aggregate gross proceeds raised, in addition to the issuance of 3,305,820 finders' warrants. Each finders' warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.20 per share for a period of two years from the closing date.

Debenture financing

In March 2021, 1Wondr completed a convertible debenture financing for gross proceeds of $1,000,000 through the issuance of 1,000 units at $1,000 per unit. Each unit consisted of: (i) $1,000 principal amount of 10.0% senior secured convertible debenture (each a "Convertible Debenture") of 1Wondr; and (ii) warrants of 1Wondr exercisable to purchase that number of common shares as is equal to $500 divided by $0.25 (each a "Warrant"), subject to adjustment. Each Warrant entitles the holder to acquire one common share for $0.40 per common share at any time up to two years following the closing date of the debenture financing. The holder of each Convertible Debenture as the option, at any time prior to maturity, to convert the unpaid principal amount plus accrued interest thereon into common shares of the Company at a price per share of $0.25, subject to adjustment.

Share issuances upon completion of the Proposed Transaction and listing

Pursuant to the terms of the Definitive Agreement, Transglobe will issue from treasury to the 1Wondr shareholders an aggregate of 134,735,966 post-Consolidation common shares, representing all of the issued and outstanding 1Wondr Gaming Corporation common shares prior to completion of the Proposed Transaction, which includes 44,091,500 common shares in connection with the automatic exchange of the subscription receipts pursuant to the Concurrent Financing and the terms of the subscription receipts. In the aggregate, Transglobe will issue: (i) 134,735,966 post-Consolidation common shares to the former holders of 1Wondr Gaming Corporation shares in exchange for such 1Wondr Gaming Corporation shares; (ii) 22,045,750 common share purchase warrants on the same terms as the warrants in exchange for such Warrants; and (iii) 3,305,820 finders' warrants in exchange for the finder warrants issued to eligible finders in connection with the Concurrent Financing. Note the above does not include any common shares or warrants that may be issuable pursuant to the Convertible Debenture.