Enthusiast Gaming Holdings Inc.

(formerly J55 Capital Corp.)

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2019
(Unaudited in Canadian Dollars)

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE TO READER PURSUANT TO NATIONAL INSTRUMENT 51-102 – *CONTINUOUS DISCLOSURE OBLIGATIONS*

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.)
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2019 and December 31, 2018
(Unaudited – Expressed in Canadian Dollars)

	Note		September 30, 2019		December 31, 2018 (audited)
ASSETS					
Current					
Cash		$	**7,199,360**	$	4,155,054
Investments	6		**804,952**		-
Trade and other receivables	5		**3,979,963**		5,000
Loans receivable from related parties	17		**209,778**		-
Promissory note receivable	7		**-**		1,705,125
Prepaid expenses	14		**1,202,009**		-
Total current assets			**13,396,062**		5,865,179
Non-current					
Property and equipment, net	8		**205,523**		-
Right of use asset - lease contract, net	10		**452,512**		-
Long-term investments	6		**2,587,946**		-
Investment in associates	7		**2,989,065**		-
Long-term portion of prepaid expenses	14		**928,490**		-
Intangible assets and goodwill	4, 9		**177,823,995**		-
Total Assets		$	**198,383,593**	$	5,865,179
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	11	$	**8,700,878**	$	421,538
Promissory note payable	4		**2,000,000**		-
Current portion of lease contract liability	10		**64,182**		-
Total current liabilities			**10,765,060**		421,538
Non-current					
Long-term debt	12		**2,260,703**		-
Long-term lease contract liability	10		**393,948**		-
Convertible debentures	13		**6,823,901**		-
Deferred tax liability			**196,792**		-
Total liabilities		$	**20,440,404**	$	421,538
Shareholders' Equity					
Share capital			**176,538,635**		5,711,833
Shares to be returned to treasury			**(3,946,292)**		-
Warrants reserve			**15,489,839**		115,913
Contributed surplus			**8,544,782**		-
Accumulated other comprehensive income			**19,397**		-
Deficit			**(18,703,172)**		(384,105)
Total shareholders' equity			**177,943,189**		5,443,641
Total liabilities and shareholders' equity		$	**198,383,593**	$	5,865,179

Going concern *(Note 1)*
Subsequent events *(Note 21)*

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

Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended September 30 **2019**	2018	For the nine months ended September 30 **2019**	2018
Revenue	20	**$ 3,007,307**	$ -	**$ 3,007,307**	$ -
Cost of sales		**1,048,215**	-	**1,048,215**	-
Gross margin		**1,959,092**	-	**1,959,092**	-
Operating expenses					
Professional fees		**724,644**	98,799	**1,371,092**	98,799
Consulting fees	14	**2,118,877**	-	**2,617,586**	-
Advertising and promotion	14	**630,555**	-	**1,118,975**	-
Office and general		**283,431**	-	**401,929**	-
Salaries and wages		**591,490**	-	**658,516**	-
Technology support and web development		**115,622**	-	**115,622**	-
Team and game expenses		**808,063**	-	**808,063**	-
Foreign exchange		**120,347**	-	**135,975**	-
Share based compensation	16	**2,156,199**	-	**2,549,819**	-
Amortization and depreciation	8, 9, 10	**259,771**	-	**259,771**	-
Total operating expenses		**7,808,999**	98,799	**10,037,348**	98,799
Other expenses (income)					
Listing expense	4	**6,891,713**	-	**6,891,713**	-
Transaction cost	4	**2,873,606**	-	**2,873,606**	-
Interest and accretion	10, 12, 13	**1,134,007**	-	**1,134,007**	-
Interest income		**(590,292)**	-	**(658,515)**	-
Net loss for the period		**(16,158,941)**	(98,799)	**(18,319,067)**	(98,799)
Other comprehensive income					
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment		**19,397**	-	**19,397**	-
Net loss and comprehensive loss for the period		**$ (16,139,544)**	$ (98,799)	**$ (18,299,670)**	$ (98,799)
Net loss and comprehensive loss per share, basic and diluted		**$ (0.42)**	$ (0.01)	**$ (0.69)**	$ (0.01)
Weighted average number of common shares outstanding, basic and diluted		**38,601,234**	12,750,012	**26,376,710**	12,750,012

Net loss and comprehensive loss and weighted average number of shares outstanding, basic and diluted, are presented after giving effect to the 1:8 share consolidation.

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

Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.)
Condensed Consolidated Interim Statements of Shareholders' Equity
For the nine months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Contributed surplus	Warrant reserve	Conversion option on convertible debentures	Shares to be returned to treasury	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance August 29, 2018		**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$**	**$ -**	**$ -**	**$ -**
Shares issued by private placements, net of cost		12,750,000	495,741	-	-	-	-	-	-	495,741
Net loss for the period		-	-	-	-	-	-	-	(98,799)	(98,799)
Balance September 30, 2018		**12,750,000**	**$ 495,741**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (98,799)**	**$ 396,942**
Balance December 31, 2018		**19,876,450**	**$ 5,711,833**	**$ -**	**$ 115,913**	**$ -**	**$ -**	**$ -**	**$ (384,105)**	**$ 5,443,641**
Shares issued for services	14	1,319,974	2,160,350	-	-	-	-	-	-	2,160,350
Shares issued for subscription receipts, net of cost	14	10,416,750	23,937,295	-	-	-	-	-	-	23,937,295
Conversion option related to convertible debentures	13	-	-	-	-	241,472	-	-	-	241,472
Shares issued on conversion of convertible debenture:	13, 14	2,777,777	10,241,472	-	-	(241,472)	-	-	-	10,000,000
Issuance of shares to effect the Luminosity acquisitio	4, 14	7,500,000	27,000,000	-	-	-	(3,946,292)	-	-	23,053,708
Issuance of shares to effect the reserve acquisition	4, 14	1,900,000	6,840,000	672,396	108,800	-	-	-	-	7,621,196
Issuance of shares for the Enthusiast acquisition	4, 14	27,607,076	99,385,524	5,422,726	16,062,360	-	-	-	-	120,870,610
Shares issued upon exercise of warrants	14	314,254	1,142,765	-	(797,234)	-	-	-	-	345,531
Shares issued upon exercise of options	14	31,146	119,396	(100,159)	-	-	-	-	-	19,237
Share-based compensation	16	-	-	2,549,819	-	-	-	-	-	2,549,819
Other comprehensive income for the period		-	-	-	-	-	-	19,397	-	19,397
Net loss per the period		-	-	-	-	-	-	-	(18,319,067)	(18,319,067)
Balance September 30, 2019		**71,743,427**	**$ 176,538,635**	**$ 8,544,782**	**$ 15,489,839**	**$ -**	**$ (3,946,292)**	**$ 19,397**	**$ (18,703,172)**	**$ 177,943,189**

Number of shares outstanding are presented after giving effect to the 1:8 share consolidation.

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

Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note		For the nine months ended September 30 2019		2018
Cash flows from operations					
Net loss for the period		**$**	**(18,319,067)**	$	(98,799)
Items not affecting cash:					
Amortization and depreciation	8, 9, 10		**259,771**		-
Share-based compensation	16		**2,549,819**		-
Interest cost and accretion expense	10, 12, 13		**1,015,791**		-
Foreign exchange			**124,412**		-
Listing expense	4		**6,891,713**		-
Capitalized interest	12		**43,803**		-
Shares for services	14		**355,892**		-
Changes in working capital					
Changes in trade and other receivables			**(1,376,401)**		-
Changes in prepaid expenses			**14,868**		-
Changes in accounts payable and accrued liabilities			**1,267,787**		438,058
			(7,171,612)		339,259
Investing activities					
Cash paid for acquisitions	4		**(1,500,000)**		-
Business acquisitions, net of cash acquired	4		**(10,727,844)**		-
Deferred liability payment	4		**(11,965,500)**		-
Investment in associates	7		**(1,330,690)**		
Acquisition of property and equipment	8		**(48,438)**		-
			(25,572,472)		-
Financing activities					
Proceeds from the issuance of shares net of transaction costs			**-**		490,741
Proceeds from shares issued for subcription receipts proceeds, net of transaction cost	14		**23,937,295**		-
Proceeds from convertible debenture, net of transaction costs	13		**9,345,004**		-
Proceeds from long-term debt, net of tansaction costs	12		**2,170,000**		-
Proceeds from exercise of warrants	14		**345,531**		-
Proceeds from exercise of options	14		**19,237**		-
Lease payments	10		**(22,186)**		-
			35,794,881		490,741
Foreign exchange effect on cash			**(6,491)**		-
Net change in cash			**3,044,306**		830,000
Cash, beginning of period			**4,155,054**		-
Cash, end of period		**$**	**7,199,360**	$	830,000

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

1. Nature of operations and going concern

Nature of operations

Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.) (the "Company" or "Enthusiast", or when referenced prior to August 29, 2019, "J55") was incorporated under the *Business Corporation Act* (Ontario) on June 27, 2018 and upon incorporation was classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "TSXV"). The registered head office of the Company is 90 Eglinton Avenue East, Suite 805, Toronto, ON, M4P 2Y3.

On August 29, 2019, J55 completed a Qualifying Transaction (as defined by the policies of the TSXV) with Aquilini GameCo Inc. ("GameCo") in accordance with an amalgamation agreement dated May 30, 2019, pursuant to which J55 acquired all of the issued and outstanding securities of GameCo in exchange for identical securities of J55 on a one-for-one basis (the "Amalgamation"). The Amalgamation is considered a related party transaction due to J55 and GameCo having common directors.

Although the Amalgamation resulted in GameCo becoming a wholly-owned subsidiary of J55, the transaction constitutes a reverse acquisition of J55 by GameCo in-as-much as the former shareholders of GameCo received 95.3%, on a non-diluted basis, of the issued and outstanding common shares of the resulting corporation. For accounting purposes, GameCo is considered the acquirer and J55 the acquiree. Accordingly, these condensed consolidated interim financial statements are a continuation of the financial statements of GameCo and references to the "Company" will mean the consolidated entity subsequent to the date of the Amalgamation and to GameCo prior to that date.

On August 27, 2019, GameCo completed an acquisition of Luminosity Gaming Inc. ("Luminosity Gaming") and Luminosity Gaming (USA), LLC ("Luminosity USA", which together with Luminosity Gaming, is herein referred to as "Luminosity") (the "Acquisition"). The Acquisition was completed in accordance with a share purchase agreement dated February 14, 2019 (the "SPA"), between GameCo, Luminosity, and Stephen Maida (founder and sole shareholder of Luminosity), pursuant to which GameCo agreed to acquire Luminosity in exchange for: (i) $1,500,000 in cash, payable on the closing date; (ii) 7,500,000 common shares in the capital of the GameCo, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of $2,000,000, maturing on the completion of the of the Amalgamation.

On August 29, 2019, following the closing of the Amalgamation, the Company completed a Plan of Arrangement ("POA") with Enthusiast Gaming Properties Inc. (formerly Enthusiast Gaming Holdings Inc.) ("Enthusiast Properties") in accordance with an arrangement agreement between J55, GameCo, and Enthusiast Properties, dated May 30, 2019 (the "Arrangement Agreement"). Pursuant to the Arrangement Agreement the Company acquired all of the outstanding common shares of Enthusiast Properties in exchange for common shares of the Company on the basis of 4.22 common shares for each one Enthusiast Properties common share (the "Arrangement" or the "POA"). All options and warrants of Enthusiast Properties were exchanged on the same basis, with all other terms of the options or warrants remaining the same.

Upon the completion of the transactions described above, Enthusiast Gaming Holdings Inc. changed its name to Enthusiast Gaming Properties Inc., and J55 Capital Corp. changed its name to Enthusiast Gaming Holdings Inc.

The Amalgamation, Acquisition and Arrangement are collectively called the "Mergers and Acquisitions".

The Company's principal business activities are comprised of three main pillars: Media, Events and Esports. The Company's digital media platform includes 100+ gaming related websites and 900 YouTube channels. The Company's esports division, Luminosity Gaming, is a leading global esports franchise. The Company's event business owns and operates Canada's largest gaming expo, Enthusiast Gaming Live Expo, EGLX.

These condensed consolidated interim financial statements for the period ended September 30, 2019, include the financial results of GameCo for the nine months ended September 30, 2019, and the financial results of Luminosity Gaming and its subsidiary from August 27, 2019 to September 30, 2019, J55 from August 29, 2019 to September 30, 2019, and Enthusiast Properties and its subsidiaries from August 29, 2019 to September 30, 2019. The comparative balances as at December 31, 2018 and the comparative financial results for the nine month period ended September 30, 2018 are those of GameCo prior to the Mergers and Acquisitions.

1. Nature of operations and going concern (continued)

Going Concern

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary, should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $18,703,172 as at September 30, 2019 (December 31, 2018 – $384,105). The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at September 30, 2019, the Company had current assets of $13,396,062 (December 31, 2018 - $5,865,179) to cover current liabilities of $10,765,060 (December 31, 2018 - $421,538).

Approval of Financial Statements

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 28, 2019.

2. Statement of compliance and basis of preparation

(i) Statement of compliance

The Company prepares its unaudited condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB") and interpretations by the IFRS Interpretations Committee. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") *34 Interim Financial Reporting*.

The unaudited condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited financial statements of J55 and GameCo, the audited consolidated financial statements of Enthusiast Properties, and the audited combined financial statements of Luminosity for the year ended December 31, 2018.

(ii) Basis of presentation

The unaudited condensed consolidated interim financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, except per share amounts or as otherwise noted.

2. Statement of compliance and basis of preparation (continued)

(iii) Basis of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Enthusiast Gaming Holdings Inc. and its wholly-owned subsidiaries; Aquilini GameCo Inc. (Canada), Luminosity Gaming Inc. (Canada), Luminosity Gaming (USA) LLC (US), Enthusiast Gaming Properties Inc. (Canada), Enthusiast Gaming Inc. (Canada), Enthusiast Gaming Live Inc. (Canada), Enthusiast Gaming Media Inc. (Canada), Enthusiast Gaming Media (US) Inc. (US), Enthusiast Gaming Media Holdings Inc. (Canada), Enthusiast Gaming Media II Holdings Inc. (Canada), Enthusiast Gaming Media III Holdings Inc. (Canada), Enthusiast Gaming (TSR) Inc. (Canada), Enthusiast Gaming TSR Sweden AB (Sweden) Hexagon Games Corp. (Canada) and GameCo Esports USA Inc. (US).

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the unaudited condensed consolidated interim financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

3. Significant accounting policies

The accounting policies of the Company and its subsidiaries are aligned, and are outlined in the audited financial statements of J55 and GameCo, the audited consolidated financial statements of Enthusiast Properties, and the audited combined financial statements of Luminosity for the year ended December 31, 2018 (collectively, the "2018 Audited Statements"). For information relating to the accounting of the Acquisition, Amalgamation and the Arrangement, see note 4.

The Company's accounting policies, as described in the 2018 Audited Statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, except as noted below.

(i) Investment in Associate

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. The Company accounts for its investment in associate using the equity method.

Under the equity method, the Company's investment in associate is initially recognized at cost, including transaction costs, and subsequently increased or decreased to recognize the Company's share of net earnings or losses of the associate after any adjustments necessary to give effect to uniform accounting policies and for impairment losses after the initial recognition date. The Company's share of earnings or losses of the associate are recognized in net loss during the period. Unrealized gains and losses on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

The Company assesses if there are any indicators of impairment of the carrying amount of the investment on an annual basis during the fourth quarter. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the external environment in which the associate operates or a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount becomes lower than the carrying amount.

3. Significant accounting policies (continued)

(ii) Foreign currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of Enthusiast Gaming Holdings Inc., Aquilini GameCo Inc., Luminosity Gaming Inc., Enthusiast Gaming Properties Inc., Enthusiast Gaming Live Inc., Enthusiast Gaming Media Inc., Enthusiast Gaming Media Holdings Inc., Enthusiast Gaming Media II Holdings Inc. and Hexagon Games Corp. is Canadian dollars and the functional currency of Enthusiast Gaming Inc., Enthusiast Gaming Media (US) Inc., Enthusiast Gaming (TSR) Inc., Enthusiast Gaming Media III Holdings Inc., Enthusiast Gaming TSR Sweden AB, Luminosity Gaming (USA) LLC and GameCo Esports USA Inc. is United States dollars.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive loss included in the unaudited condensed consolidated interim statements of changes in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

(iii) Significant accounting judgments, estimates and uncertainties

The preparation of unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated interim financial statements and notes to the unaudited condensed consolidated interim financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, provision for expected credit losses and calculation of warrant liability. These estimates and judgments are further discussed below:

(a) Goodwill impairment testing and recoverability of assets

The Company only has two cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

3. Significant accounting policies (continued)

(iii) Significant accounting judgments, estimates and uncertainties (continued)

(b) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(c) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

(d) Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

(e) Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

(f) Right of use assets and lease contract liability

The Company has applied judgement to determine the incremental borrowing rate and the lease term for some lease contracts in which it is a lessee that include renewal options, which significantly affects the amount of lease contract liability and right of use assets recognized.

3. Significant accounting policies (continued)

(iii) Significant accounting judgments, estimates and uncertainties (continued)

(g) Provision for expected credit losses ('ECLs")

The Company performs impairment testing annually for trade receivables in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(iv) Accounting standards implemented as at January 1, 2019

The Company has adopted IFRS 16, *Leases* ("IFRS 16"), with an initial adoption date of January 1, 2019 which replaced IAS 17, Leases. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases.

The Company did not have any leases on the date of adoption, leases were entered into subsequent to the adoption date and obtained through the Mergers and Acquisitions (Note 4). As a result, there was no impact on the adoption of IFRS 16. The new accounting policy is detailed below.

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if 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 lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

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 determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets
The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Unaudited – Expressed in Canadian Dollars)

4. Mergers and acquisitions

(i) Acquisition Transaction

As described in Note 1, on August 27, 2019, GameCo completed the Acquisition of Luminosity. Following the Acquisition, the shareholders of GameCo control Luminosity and for accounting purposes GameCo is deemed the acquirer. The Acquisition is accounted for in accordance with IFRS 3, *Business Combinations* ("IFRS 3"), as the operations of Luminosity constitute a business. As a result the business combination is accounted for using the acquisition method of accounting and Luminosity's identifiable net assets acquired are accounted for a fair value. The share capital and the retained earnings of Luminosity is eliminated on the acquisition date.

The Acquisition was completed in accordance with the SPA, pursuant to which GameCo agreed to acquire Luminosity in exchange for: (i) $1,500,000 in cash, payable on the closing date; (ii) 7,500,000 common shares in the capital of the GameCo, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of $2,000,000, maturing on the completion of the of the Amalgamation. The Company settled the promissory note subsequent to September 30, 2019, at face value with no interest accrued.

The Acquisition has been accounted for at the fair value of the consideration provided to the Luminosity shareholder, consisting of cash, common shares, the promissory note, and the deemed settlement of the amounts due from Luminosity to GameCo. In accordance with the SPA, the number of common shares issuable as part of the consideration shall be reduced by the quotient obtained by dividing a) the working capital of Luminosity less $400,000 by b) $2.40. The estimated value of the consideration to be reduced is represented by the estimated value of shares to be returned to treasury below.

At the time of issuance of these condensed consolidated interim financial statements, certain aspects of the valuation are not finalized, the business valuation and purchase price allocations are subject to change. The fair value of the identifiable net assets acquired and consideration is as follows:

		Provisional Fair Values
Fair value of identifiable net assets		
Cash	$	521
Trade and other receivables		165,991
Goodwill and intangibles		28,784,569
Accounts payable and accrued liabilities		(618,187)
	$	**28,332,894**

		Purchase Price
Consideration:		
Cash	$	1,500,000
Promissory note		2,000,000
Fair value of 7,500,000 common shares issued at $3.60 per share [(a)]		27,000,000
Settlement of advances to Luminosity		1,779,186
Estimated value shares to be returned to treasury		(3,946,292)
	$	**28,332,894**

a. The fair value per share was measured to be $3.60 based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12).

Trade receivables have been reflected at fair value which represent gross contractual amounts receivable.

(Unaudited – Expressed in Canadian Dollars)

4. Mergers and acquisitions (continued)

(ii) Reverse Takeover Transaction

As described in Note 1, on August 29, 2019, J55 completed the Amalgamation with GameCo. Immediately prior to the Amalgamation, J55 consolidated its outstanding share capital on a 1:1.25 basis. The share capital consolidation has been applied retrospectively for all periods presented. Upon closing of the Amalgamation, all outstanding common shares, warrants and options of GameCo were exchanged for common shares, warrants and options of the Company on a 1:1 basis.

Although the Amalgamation resulted in GameCo becoming a wholly-owned subsidiary of J55, the transaction constitutes a reverse acquisition of J55 by GameCo in-as-much as the former shareholders of GameCo received 95.3%, on a non-diluted basis, of the issued and outstanding common shares of the resulting corporation. For accounting purposes, GameCo is considered the acquirer and J55 the acquiree.

The Amalgamation was accounted for in accordance with IFRS 2, *Share-based Payments*. The Amalgamation is considered to be a reverse takeover of J55 by GameCo. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (shares, stock options, and warrants) by GameCo for the net assets and eventual public listing status of the non-operating company, J55.

The fair value of the identifiable net assets acquired and consideration is as follows:

		Fair Values
Fair value of identifiable net assets		
Cash	$	867,101
Trade and other receivables		28,992
Prepaid expenses		10,658
Accounts payable and accrued liabilities		(177,268)
	$	729,483

		Purchase Price
Consideration:		
Fair value of 1,900,000 common shares issued at $3.60 per share (a)	$	6,840,000
Fair value of 190,000 option issued, recorded in contributed surplus (b)		672,396
Fair value of 40,000 warrants issued, recorded in warrant reserve (c)		108,800
	$	7,621,196
Listing expense	$	**6,891,713**

a. The fair value per share was measured to be $3.60 based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12).
b. The fair value of 190,000 options issued to J55 option holders was determined using the Black-Scholes option pricing model with the following inputs and assumptions: Stock price - $3.60; Exercise price - $2.37; Dividend Yield - Nil; Expected volatility – 138%; Risk-free interest rate 1.17%; and Expected life of 9.29 years.
c. The fair value of 40,000 warrants issued to J55 warrant holders was determined using the Black-Scholes option pricing model with the following inputs and assumptions: Stock price - $3.60; Exercise price - $1.00; Dividend Yield - Nil; Expected volatility – 95%; Risk-free interest rate 1.41%; and Expected life of 1.29 years.

(Unaudited – Expressed in Canadian Dollars)

4. Mergers and acquisitions (continued)

(iii) Plan of Arrangement

As described in Note 1, on August 29, 2019, following the closing of the Amalgamation, the Company completed the Arrangement with Enthusiast Properties. Pursuant to the Arrangement Agreement the Company acquired all of the outstanding common shares of Enthusiast Properties in exchange for common shares of the Company on the basis of 4.22 common shares for each one Enthusiast Properties' common share outstanding. All options and warrants of Enthusiast Properties were exchanged on the same basis, with all other terms of the options or warrants remaining the same.

Following the Acquisition, the shareholders of the Company control Enthusiast Properties and for accounting purposes the Company is deemed the acquirer. The Arrangement is accounted for in accordance with IFRS 3, as the operations of Enthusiast Properties constitute a business. As a result the business combination is accounted for using the acquisition method of accounting and Enthusiast Properties' identifiable net assets acquired are accounted for a fair value.. The share capital, warrant reserve, conversion option on convertible debentures, contributed surplus, accumulated other comprehensive loss and deficit of Enthusiast Properties is eliminated on the acquisition date.

The Arrangement has been accounted for at the fair value of the consideration provided to the Enthusiast Properties shareholders, consisting of common shares, stock options, warrants, the deemed settlement of the amounts due from Enthusiast Properties to the Company. As the Enthusiast Properties stock options and warrants to purchase common shares granted prior to the Arrangement remain exercisable after the completion of the Arrangement, the fair value of the stock options and warrants of the Arrangement are included as part of the consideration transferred.

At the time of issuance of these condensed consolidated interim financial statements, certain aspects of the valuation are not finalized, the business valuation and purchase price allocations are subject to change. The fair value of the identifiable net assets acquired and consideration is as follows:

		Provisional Fair Values
Fair value of identifiable net assets		
Cash	$	1,210,539
Investments		126,131
Trade and other receivables		2,403,579
Loans receivable from related parties		203,559
Prepaid expenses		330,250
Property and equipment, net		161,678
Right of use asset - lease contract, net		145,274
Long-term investments		3,278,108
Goodwill and intangibles		149,320,681
Accounts payable and accrued liabilities		(6,209,082)
Deferred payment liability		(11,965,500)
Lease contract liability		(149,334)
Convertible debentures		(6,761,663)
Deferred tax liability		(196,792)
	$	**131,897,428**

		Purchase Price
Consideration:		
Fair value of 27,607,076 common shares issued at $3.60 per share [(a)]	$	99,385,524
Fair value of 2,358,289 option issued, recorded in contributed surplus [(b)]		5,422,726
Fair value of 7,480,053 warrants issued, recorded in warrant reserve [(c)]		16,062,360
Settlement of advances to Enthusiast Properties		11,026,818
	$	**131,897,428**

(Unaudited – Expressed in Canadian Dollars)

4. Mergers and acquisitions (continued)

(iii) Plan of Arrangement (continued)

a. The fair value per share was measured to be $3.60 based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12).
b. The fair value of 2,358,289 options issued to Enthusiast Properties option holders was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions: Stock price - $3.60; Exercise price - $0.79; Dividend Yield - Nil; Expected volatility – 106%; Risk-free interest rate 1.30%; and Expected life of 2.94 years.
c. The fair value of 7,480,053 warrants issued to Enthusiast Properties warrant holders was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions: Stock price - $3.60; Exercise price - $2.04; Dividend Yield - Nil; Expected volatility – 94%; Risk-free interest rate 1.14%; and Expected life of 0.93 years.

Trade receivables have been reflected at fair value which represent gross contractual amounts receivable.

Included in goodwill and intangibles is Enthusiast Properties' goodwill value of $19,301,027 assigned to the January 2019 acquisition of 100% of the assets of The Sims Resource ("TSR") from Generatorhallen AB and IBIBI HB (the "Vendors") on an arm's length basis. The deferred payment liability of $11,965,500 related to this acquisition which was paid by Enthusiast Properties subsequent to August 29, 2019.

The Company incurred transaction cost of $2,873,606 on these Mergers and Acquisitions which is included in net loss and comprehensive loss.

Since the date of acquisition of Luminosity, revenue of $1,307,901 and a net loss of $743,571 have been included in the condensed interim consolidated statement of loss and comprehensive loss. Since the date of acquisition of Enthusiast Properties, revenue of $1,699,406 and a net loss of $1,339,858 have been included in the condensed interim consolidated statement of loss and comprehensive loss. If the Luminosity and Enthusiast Properties acquisitions had occurred on January 1, 2019 pro-forma revenue and net loss would have been $13,173,670 and $28,671,696 respectively for the nine months ended September 30, 2019.

5. Trade and other receivables

Trade and other receivables consist of the following:

		September 30, 2019		December 31, 2018
Trade receivables	**$**	**3,068,623**	$	-
HST receivables		**946,320**		-
Other receivables		**5,000**		5,000
Expected credit loss provision		**(39,980)**		-
	$	**3,979,963**	$	5,000

6. Investments

(i) In April 2019, Enthusiast Properties, through a wholly-owned subsidiary, signed a definitive agreement to purchase 20% of the issued and outstanding shares ("Purchased Shares") in Waveform Entertainment Inc. ("Waveform") for an aggregate consideration of $1,680,000 (the "Subscription Price"). Waveform is a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide. Enthusiast Properties has also secured an irrevocable option, at its sole discretion, to acquire a 100% interest in Waveform. (the "Buy-Out Option").

6. Investments (continued)

The Purchased Shares will be purchased pursuant to the terms of a share subscription agreement, among Waveform and a wholly owned subsidiary of Enthusiast Properties created for the purpose of the transaction. Pursuant to the share subscription agreement, Enthusiast Properties agreed to purchase the Purchased Shares in three tranches: (i) on April 4, 2019, Enthusiast Properties purchased 8.1% of the Purchased Shares for a portion of the Subscription Price, being $680,000; (ii) on or before (as decided by Enthusiast Properties) October 4, 2019, 5.95% of the Purchased Shares for a portion of the Subscription Price, being $500,000; and (iii) on or before (as decided by Enthusiast Properties) June 3, 2020, 5.95% of the Purchased Shares for a portion of the Subscription Price, being $500,000.

Waveform and Enthusiast Properties also entered into a Shareholders' Agreement for Waveform. The aggregate purchase price for all Waveform's shares, if the Buy-Out Option is exercised by Enthusiast Properties shall be equal to the greater of: (i) four (4) times Waveform's gross revenue (as defined in the Shareholders' Agreement), multiplied by eighty percent (80%); or (ii) $7,680,000 (the "Option Purchase Price"). The Option Purchase Price will be subject to agreed adjustments. The purchase of the Purchased Shares on the two remaining tranches, as well as the exercise of the Buy-Out Option (if exercised by Enthusiast) are subject to obtainment of all applicable regulatory approvals (including by the TSX Venture Exchange).

As at September 30, 2019, $680,000 has been paid and Enthusiast Properties and Waveform are currently renegotiating the terms of the share subscription agreement, as a result a deferred payment liability has not been recorded for the additional $1,000,000 to be paid as Enthusiast Properties. The $680,000 paid is included in investments.

The Company has recognized the investment in accordance with IFRS 9, as a financial asset at fair value, with changes in fair value recognized in profit and loss as they arise at each subsequent reporting period.

(ii) In April 2019, Enthusiast Properties entered into a Senior Convertible Debenture Purchase Agreement to invest in Addicting Games Inc. ("Addicting Games"), one of the largest online game networks in the United States. Under the Senior Convertible Debenture Purchase Agreement, Enthusiast Properties invested USD $1.5 million by way of a 3-year secured convertible debenture with interest accruing at 2% per annum which is convertible into equity at the value of Addicting Games' next equity raise. Enthusiast Properties invested in Addicting Games to capitalize on the rapidly growing .io games sector and a new niche of lifestyle gamer that the network currently does not reach.

The convertible debenture has been accounted for in accordance with IFRS 9, as a financial asset at fair value, with changes in fair value recognized in profit and loss as they arise at each subsequent reporting period.

The fair value of the investment of $2,587,946 is included in long-term investments.

7. Investment in associates

On August 27, 2019, pursuant to an investment agreement between GameCo and Aquilini Properties LP (a related party by nature of it being under the control or direction of the Chairman of the Company), GameCo acquired 100 class B common shares of AIG eSports Canada Holdings Ltd. ("AIG Canada") for $1,243,781 (USD $937,500), and GameCo Esports USA Inc. acquired a 25% non-voting participating interest in AIG Esports USA Intermediate Holdings, LLC, ("AIG USA") for $414,594 (USD $312,500). Collectively, AIG Canada and AIG USA own and manage professional esports teams in Canada and the United States. Aquilini Properties LP controls AIG Canada and AIG USA.

Effective December 27, 2018, the Company entered into a non-interest bearing promissory note receivable in the amount of USD $1,250,000 (December 31, 2019 - $1,705,125) AIG Esports LP (a related party by nature of it being under the control or direction of the Chairman of the Company). The Company directed AIG Esports LP to pay the proceeds of the promissory note to AIG Canada and AIG USA for the respective investment amounts noted above.

In addition, during the nine months ended September 30, 2019, the Company contributed assets of $1,330,690 to AIG Canada which are included in the investment in associate balance.

(Unaudited – Expressed in Canadian Dollars)

8. Property and equipment

		Furniture and fixtures		Computer equipment		Leasehold improvements		Total
Cost	$		$		$		$	
Balance, December 31, 2018		-		-		-		-
Mergers and Acquisitions (Note 4)		29,724		95,664		36,289		161,678
Additions during the period		22,485		6,749		19,204		48,438
Effect of movement in exchange rates		(111)		(377)		(143)		(631)
Balance, September 30, 2019	**$**	**52,099**	**$**	**102,036**	**$**	**55,350**	**$**	**209,485**
Accumulated depreciation								
Balance, December 31, 2018		-		-		-		-
Depreciation during the period		654		2,979		329		3,962
Effect of movement in exchange rates		-		-		-		-
Balance, September 30, 2019	**$**	**654**	**$**	**2,979**	**$**	**329**	**$**	**3,962**
Net book value								
Balance, December 31, 2018	$	-	$	-	$	-	$	-
Balance, September 30, 2019	**$**	**51,444**	**$**	**99,057**	**$**	**55,021**	**$**	**205,523**

During the nine months ended September 30, 2019, the Company recognized depreciation expense in the amount of $3,962 (nine months ended September 30, 2018 - $nil), which is included in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

9. Intangible assets

		Website content		Application and technology development		Trademark		Domain name		Subscriber relationships		Total
Cost												
Balance, December 31, 2018	$	-	$	-	$	-	$	-	$	-	$	-
Mergers and Acquisitions (Note 4)		812,382		1,128,640		74,490		5,054,344		5,529,102		12,598,959
Additions		-		-		-		-		-		-
Effect of movement in foreign exchange rates		(7,334)		(5,431)		(629)		(17,414)		(18,506)		(49,313)
Balance, September 30, 2019	**$**	**805,049**	**$**	**1,123,209**	**$**	**73,861**	**$**	**5,036,931**	**$**	**5,510,596**	**$**	**12,549,646**
Accumulated amortization												
Balance, December 31, 2018		-		-		-		-		-		-
Amortization during the period		61,894		30,690		3,227		92,666		43,466		231,943
Effect of movement in foreign exchange rates		-		-		-		-		-		-
Balance, September 30, 2019		**61,894**		**30,690**		**3,227**		**92,666**		**43,466**		**231,943**
Net book value												
Balance, December 31, 2018	$	-	$	-	$	-	$	-	$	-	$	-
Balance, September 30, 2019	**$**	**743,155**	**$**	**1,092,520**	**$**	**70,634**	**$**	**4,944,265**	**$**	**5,467,130**	**$**	**12,317,704**

During the nine months ended September 30, 2019, the Company recognized amortization expense in the amount of $231,943 (nine months ended September 30, 2018 - $Nil), which is included in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

(Unaudited – Expressed in Canadian Dollars)

10. Right of use asset and lease liability

The Company's leased assets only include buildings. The Company did not have any leases on the January 1, 2019 date of adoption of IFRS 16, leases were entered into subsequent to the adoption date and obtained through the Mergers and Acquisitions (Note 4). When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an incremental borrowing rate of 5%.

Right of use asset		**Amount**
Balance, January 1, 2019	$	-
Bulding lease additions - cost		331,104
Bulding lease additions - cost, mergers and acquisitions (Note 4)		145,274
Depreciation recognized to date		(23,866)
Balance, September 30, 2019	**$**	**452,512**

Lease liability		**Amount**
Balance, January 1, 2019	$	-
Bulding lease additions - finance cost		320,797
Bulding lease additions - finance cost, mergers and acquisitions (Note 4)		149,334
Payments to date		(22,186)
Interest cost		10,185
Balance, September 30, 2019		**458,130**
Current portion of contract lease liability		**64,182**
Long-term portion of contract lease liability	**$**	**393,948**

During the nine months ended September 30, 2019, the Company recognized $23,866 as depreciation on right of use assets which is included in amortization and depreciation expense and $10,185 as interest cost on the contract lease liability which is included in interest and accretion expense.

11. Accounts payable and accrued liabilities

		September 30, 2019		December 31, 2018
Accounts payable	**$**	**6,978,812**	$	408,038
Accrued liabilities		**1,127,946**		13,500
Deferred revenue		**594,120**		-
	$	**8,700,878**	$	421,538

Included in accrued liabilities is a provision in respect of a consultant's claim for unpaid compensation. Although the Company refutes the claim and feels it is without merit, $280,000 has been provided for. The Company is currently in discussion with the consultant, and at this time it is not possible to determine if an additional provision will be required.

12. Long-term debt

Under the terms of a loan facility agreement dated August 2, 2019, an arm's length lender (the "Lender") agreed to provide the Company with a loan of up to $20 million (the "Facility") comprising two advances: (i) an initial advance in an amount of up to $3 million (the "Initial Advance") at the request of the Company following satisfaction or waiver by the Lender of certain conditions precedent and (ii) a further advance in an amount equal to the remaining difference between $20 million and the amount of the Initial Advance (the "Further Advance") at the request of the Company following satisfaction or waiver by the Lender of certain additional conditions precedent, including the completion of the Arrangement Agreement.

(Unaudited – Expressed in Canadian Dollars)

12. Long-term debt (continued)

The loan has a term (the "Term") which expires on August 29, 2021, the date that is 24 months from the date which the Arrangement Agreement was completed (the "Maturity Date"). Interest (or standby fees at an equivalent rate in lieu thereof) accrue at a rate per annum that is equal to the prime rate plus 5.05% calculated on the aggregate amount of the Facility, compounded monthly, whether or not the conditions precedent are satisfied or the Facility is advanced.

Interest (and any such equivalent amount by way of standby fee) will be capitalized during the first 12 months of the Term and, commencing in August 2020, interest shall be payable in cash on the last business day of each and every month until the Maturity Date.

The Company will be entitled to prepay all or a part of the Facility at any time, from time to time, without bonus or penalty after the date that is twelve (12) months following the date of completion of the Arrangement. The Company has further agreed to pay the Lender a success fee in an amount that is equal to 4.1% per annum, payable monthly, calculated on the full amount of the Facility from the date of the Initial Advance.

The Company received the Initial Advance during the nine months ended September 30, 2019. The Company paid the Lender a $400,000 administrative fee in relation to the Initial Advance. The Company also incurred advisory fees of $400,000 in relation to the establishment of the Facility and additions fees of $30,000. The transaction costs of $830,000 have been netted against the proceeds received. The Facility is amortized at an effective interest rate of 24.82%. The Company recognized $43,803 of interest expense and $46,900 of accretion expense during the nine months ended September 30, 2019.

The Facility will be used for purposes of (i) working capital and (ii) to finance future acquisitions.

The following table shows the movement of the long-term debt balance during the period:

		Long-term Debt
Balance, December 31, 2018	$	-
Initial advance		3,000,000
Transaction cost		(830,000)
Capitalized interest		43,803
Accretion		46,900
Balance, September 30, 2019	**$**	**2,260,703**

The loan facility agreement contains certain covenants that the Company must comply with following the Further Advance including maintaining a total consolidated equity of at least $20,000,000 and maintaining a minimum cash balance of $5,000,000. The Company received the Further Advance subsequent to September 30, 2019 (Note 21).

13. Convertible debentures

(i) On June 19, 2019, the Company entered into a bought deal private placement agreement (the "Private Placement") with a syndicate of underwriters (the "Underwriters"), whereby the Underwriters purchased for resale to substituted purchasers $10,000,000 of convertible debentures at par of the Company. The convertible debentures will have a maturity date of June 30, 2020 and will automatically convert into common shares of the Company at a price of $3.60 per common share upon closing of the Arrangement (see Note 4). If the convertible debentures have not automatically converted by the maturity date, then the principal will be repayable on the maturity date as well as interest on the basis of 8.0% per annum. The Company paid agent fees of $600,000 and other costs of $54,996 in connection with the Private Placement, which have been netted against the proceeds.

Upon initial recognition, the convertible debentures were presented as a liability and the embedded conversion feature have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of $9,758,528 is measured using a market rate of 13.0% for a similar unsecured debt without the conversion feature. The residual amount of $241,472 was allocated to equity (the conversion feature). The cash issuance costs of $654,996 was allocated to the convertible debenture. The Company assessed that the convertible debenture will convert into equity on August 31, 2019, the expected date of the closing of the Arrangement.

(Unaudited – Expressed in Canadian Dollars)

13. Convertible debentures (continued)

The convertible debentures are amortized at an effective interest rate of 47.82%. The Company recognized $896,468 in accretion expense during the nine months ended September 30, 2019 and the convertible debenture was fully accreted as at August 29, 2019.

The convertible debentures were converted into shares on August 29, 2019, the convertible debenture value of $10,000,000 and the equity portion of $241,472 was reclassified from convertible debentures and conversion option on convertible debentures respectively to share capital.

The following table shows the movement of the convertible debenture balance during the period:

		Convertible Debenture		Conversion feature on convertible debentures		Total
Balance, December 31, 2018	$	-	$	-	$	-
Initial recognition at fair value		9,758,528		241,472		10,000,000
Transaction cost		(654,996)		-		(654,996)
Accretion		896,468		-		896,468
Conversion to equity (note 14)		(10,000,000)		(241,472)		(10,241,472)
Balance, September 30, 2019	**$**	**-**	**$**	**-**	**$**	**-**

(ii) On November 8, 2018, Enthusiast Properties issued convertible debenture units (the "Debenture Units") for total gross proceeds of $9,000,000 (the "Offering").

Each Debenture Unit, issued at a price of $1,000, is comprised of one unsecured convertible debenture (each a "Debenture" and collectively, the "Debentures"), having a principal amount of $1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 166 common share purchase warrants of the Company (each, a "Debenture Warrant"). Each Debenture is convertible into shares of the Company at a conversion price of $3.03 per common share (the "Conversion Price"), subject to acceleration in certain events. The Debentures mature on December 31, 2021. Each Debenture Warrant entitles the holder to acquire one share at a price of $3.79 per share for a period of two years, subject to acceleration in certain events. The Debentures and the Debenture Warrants contain customary anti-dilution provisions. The Company also issued 540 Debenture Units to the brokers as part of the transaction in addition to 2,835,000 Debenture Warrants. If the brokers subscribe for the Debenture Units 89,940 warrants will be issued.

Beginning on March 9, 2019, the Company may, at its option, require the conversion of the then outstanding principal amount of the Debentures (plus accrued and unpaid interest thereon) at the Conversion Price on not less than 30 days' notice, should the daily volume-weighted average trading price of the shares of the Company be greater than $4.55 for each of seven consecutive trading days, ending five trading days prior to the applicable date.

The Company may accelerate the expiry date of the then outstanding Debenture Warrants on not less than 30 days' notice, should the volume-weighted average trading price of the shares be greater than $5.68 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

The fair value of the convertible debentures on the date of the Arrangement was determined to be $6,761,663 measured using a market rate of 13.0% for a similar unsecured debt without the conversion feature. The 1,495,442 warrants issued previously were valued on the date of the Arrangement as consideration (Note 4) in the amount of $2,056,130. The convertible debentures are amortized at an effective interest rate of 44.83%. The Company recognized $62,238 in accretion expense for the nine months ended September 30, 2019.

(Unaudited – Expressed in Canadian Dollars)

13. Convertible debentures (continued)

The following tables shows the movement of the convertible debenture balance during the period:

		Convertible Debenture
Balance, December 31, 2018	$	-
Mergers and Acquisitions (Note 4)		6,761,663
Accretion		62,238
Balance, September 30, 2019	**$**	**6,823,901**

14. Share capital

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Immediately following the completion of the Mergers and Acquisitions described in Note 1, the Company consolidated its share capital on a 1:8 basis. All references to share and per share amounts in the interim condensed consolidated financial statement have been retroactively restated to reflect the share consolidation.

(i) In March 2019, the Company issued an aggregate of 10,416,750 subscription receipts (each, a "Subscription Receipt") at an issue price of $2.40 per Subscription Receipt for total gross proceeds of $25,000,200. The Subscription Receipts are governed by the terms and conditions of a Subscription Receipt Agreement dated March 20, 2019 between the Company, Canaccord Genuity Corp. (the "Agent") and Computershare Trust Company of Canada (the "Subscription Receipt Agent"). The Company incurred cash share issuance costs of $1,062,905 and initially recorded the net proceeds of $23,937,295 as shares to be issued. The Company also issued 151,251 common shares at a deemed price of $3.60 per share to the Agent on August 29, 2019 for services provided which are recorded in share capital and share issuance costs. The deemed price of $3.60 per share was based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12) as these shares were issued near the issuance of the convertible debenture. On August 29, 2019, the subscription receipts were converted into common shares upon the closing of the Amalgamation and the net proceeds held by the Subscription Receipt Agent were released to the Company. The net proceeds were reallocated to share capital from shares to be issued following the conversion of the Subscription Receipts into common shares.

(ii) On April 8, 2019 and March 21, 2019 the Company issued 24,609 and 23,542 common shares respectively at a deemed price of $2.40 per shares for services provided. The price of $2.40 per share was based on the Subscription Receipt transaction which occurred near this share issuance date. The value assigned to the shares issued of $115,562 was recorded in share capital and advertising and promotion expense.

(iii) On April 15, 2019, the Company issued 520,833 common shares at a deemed price of $2.40 per share for services to be provided. The price of $2.40 per share was based on the Subscription Receipt transaction which occurred near this share issuance date. These common shares are subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 30% six months after the closing of go-public transaction; (iii) 30% fifteen months after the closing of go-public transaction; and (iv) 30% twenty four months after the closing of go-public transaction. The Company estimated the fair value of the common shares issued to be $701,379 by taking into account the time release restrictions. As the services are to be rendered over 36 months the Company recorded the value assigned to the shares issued to prepaid expenses and is amortizing the prepaid balance on a straight-line basis over the service term. The Company recognized $107,904 in advertising and promotion expense for the nine months ended September 30, 2019. As a September 30, 2019 the current and long-term portion of the prepaid expense is $233,793 and $359,682 respectively.

14. Share capital (continued)

(iv) On July 26, 2019, the Company issued 166,667 common shares at a deemed price of $3.60 per shares for services to be provided. The deemed price of $3.60 per share was based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12) as these shares were issued near the issuance date of the convertible debenture. These common shares are subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 20% six months after the closing of go-public transaction; (iii) 20% twelve months after the closing of go-public transaction; (iv) 25% eighteen months after the closing of go-public transaction and (v) 25% twenty four months after the closing of go-public transaction. The Company estimated the fair value of the common shares issued to be $368,459 by taking into account the time release restrictions. As the services are to be rendered over 24 months the Company recorded the value assigned to the shares issued to prepaid expenses and is amortizing the prepaid balance on a straight-line basis over the service term. The Company recognized $33,542 in advertising and promotion expense for the nine months period ended September 30, 2019. As a September 30, 2019 the current portion and long-term portion of the prepaid expense is $184,230 and $150,688 respectively.

(v) On August 27, 2019, the Company issued 7,500,000 common shares in connection with the closing of the Acquisition (Note 4).

(vi) On August 28, 2019, the Company issued 16,406 common shares at a deemed price of $3.60 per share for services provided. The deemed price of $3.60 per share was based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12) as these shares were issued near the issuance of the convertible debenture. The value assigned to the shares issued of $59,063 was recorded in share capital and advertising and promotion expense.

(vii) On August 29, 2019, the Company issued 1,900,000 common shares in connection with the closing of the Amalgamation (Note 4).

(viii) On August 29, 2019, the Company issued 27,607,076 common shares in connection with the closing of the Arrangement (Note 4).

(ix) On August 29, 2019, the Company issued 2,777,777 common shares in connection with the conversion of the convertible debenture (Note 13).

(x) On August 29, 2019, the Company issued 416,666 common shares at a deemed price of $3.60 per share for services to be provided. The deemed price of $3.60 per share was based on the conversion price of the convertible debentures issued by the Company to arm's length parties in June 2019 (Note 12) as these shares were issued near the issuance of the convertible debenture. These common shares are subject to a two year lock period subject to the following release schedule: (i) 17% on six months after the closing of the go-public transaction; (ii) 50% twelve months after the closing of go-public transaction; and (iii) 33% twenty-four months after the closing of go-public transaction. The Company estimated the fair value of the common shares issued to be $915,886 by taking into account the time release restrictions. As the services are to be rendered over 24 months the Company recorded the value assigned to the shares issued to prepaid expenses and is amortizing the prepaid balance on a straight-line basis over the service term. The Company recognized $39,821 in consulting expense for the nine months ended September 30, 2019. As a September 30, 2019 the current and long-term portion of the prepaid expense is $457,945 and $418,120 respectively.

(xi) On September 12, 2019, the Company received proceeds of $345,531 from the exercise of 314,254 common share purchase warrants. The fair value assigned to these warrants of $797,234 was reclassified from warrant reserve to share capital.

(xii) On September 13, 2019, the Company received proceeds of $19,237 from the exercise of 31,146 stock options. The fair value assigned to these options of $100,159 was reclassified from contributed surplus to share capital.

(Unaudited – Expressed in Canadian Dollars)

15. Warrants

Each common share warrant entitles the holder to purchase one common share of the Company.

The following table reflects the continuity of warrants as at September 30, 2019 and December 31, 2018:

	September 30, 2019			December 31, 2018		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Beginning balance	272,711	$	0.80	-	$	-
Granted	-		-	272,711		0.80
Issued to effect the Mergers and Acquisitions (Note 4)	7,520,053		2.03	-		-
Exercised	(314,254)		1.10	-		-
Ending balance	**7,478,510**	**$**	**2.03**	272,711	$	0.80

The Company had the following warrants outstanding as at September 30, 2019:

Expiry Date		Exercise price	Number of warrants outstanding	Weighted average remaining life (years)
April 4, 2020	$	1.10	2,932,275	0.51
October 4, 2020		3.03	1,793,314	1.01
October 4, 2020		2.37	111,316	1.01
October 10, 2020		0.80	272,711	1.03
November 8, 2020		3.79	1,495,442	1.11
December 12, 2020		1.00	40,000	1.20
December 31, 2020		0.37	833,452	1.25
		2.03	**7,478,510**	**0.86**

16. Stock options

The Corporation has adopted a “rolling” stock option plan (the “Plan”), pursuant to which a maximum of 10% of the issued and outstanding common shares of the Corporation, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Board of Directors to eligible optionees under the Plan. Stock options granted vest at the discretion of the Board of Directors. The options can be granted for a maximum term of 10 years.

The following table reflects the continuity of stock option as at September 30, 2019 and December 31, 2018:

	September 30, 2019			December 31, 2018		
	Number of options		Weighted average exercise price		Number of options	Weighted average exercise price
Beginning balance	-	$	-	$	-	-
Granted	1,237,500		2.40		-	-
Issued to effect the Mergers and Acquisitions (Note 4)	2,548,289		0.81		-	-
Exercised	(31,144)		(0.13)		-	-
Ending balance	**3,754,645**	**$**	**1.32**	$	**-**	-
Exercisable	**1,928,647**	**$**	**0.71**	$	**-**	-

(Unaudited – Expressed in Canadian Dollars)

16. Stock options (continued)

On May 27, 2019, the Company issued 1,237,500 options, including 750,000 issued to certain directors and officers. Each option is exercisable into common shares of the Company on a one-for-one basis at an exercise price of $2.40 per share. The options vest as to 10% immediately, 20% on each date which is 6, 12, 18, and 24 months from the date of grant, and 10% on the date which is 30 months from the date of grant. The options expire 5 years from the date of grant. As of the date of grant the options have a fair value of $1.84 each, which was determined using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $2.40; exercise price - $2.40; expected life in years – 5 years; volatility – 122%; dividends – Nil; risk-free rate – 1.48%. The Company recorded share-based compensation expense of $990,165 for options vesting in the nine months ended September 30, 2019.

The Company also recorded share-based compensation expense of $1,559,654 for options vesting in the period since the date of the Mergers and Acquisitions for the options issued to effect the Mergers and Acquisitions (Note 4).

The Company had the following stock options outstanding as at September 30, 2019:

Expiry date	Number of stock options outstanding		Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
November 17, 2020	385,474	$	0.25	385,474	1.13
November 30, 2020	303,909		0.25	1,477,866	1.17
October 17, 2022	17,959		0.80	122,571	3.05
November 18, 2022	1,089,676		0.37	25,000	3.14
November 14, 2023	26,374		2.37	25,000	4.13
March 29, 2024	503,753		2.37	25,000	4.50
August 27, 2024	1,237,500		2.40	25,000	4.91
December 12, 2028	190,000		1.00	63,333	9.21
	3,754,645	**$**	**1.32**	**2,149,244**	**3.85**

During the nine months ended September 30, 2019, the Company recognized $2,549,819 in share-based compensation (nine months ended September 30, 2018 - $Nil).

17. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Esports President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and President. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested during the period.

Compensation provided to key management is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Short-term benefits	**721,167**	-	**721,167**	-
Share-based compensation	**1,093,563**	-	**756,198**	-
	1,814,730	-	**1,477,365**	-

	September 30, 2019	December 31, 2018
Loans receivable	**209,778**	-

17. Related party transactions and balances (continued)

As at September 30, 2019, the Company also have loans receivable due from the President, Chief Operating Officer, Chief Information Officer, and Esports President in the amount of $100,429, $54,769, $47,565, and $7,015 respectively. The loans receivable are non-interest bearing and due on demand.

On August 27, 2019, the Company entered into a Management Services Agreement (the "Management SA") with AIG Esports LP, a related party, as well as a Master Services Agreement (the "Master SA") with Vancouver Arena Limited Partnership, a related party (collectively, the "MSAs"). Pursuant to the Management SA, the Company is to provide a series of esports management services for a base compensation of $100,000 per month, plus an annual amount of USD $250,000, as well as other additional amounts receivable upon certain milestones relating to the performance of the esports teams under management. Pursuant to the Master SA, the Company receives a range of marketing and consulting services at a cost of $100,000 per month, as well as certain other costs payable upon certain milestones relating to third-party revenues generated by the Company relating to the Master SA services. The MSAs had a retroactive effective date of September 7, 2018, and contain payment-in-kind provisions whereas either party may, at its discretion, satisfy its amounts payable through the provision of its respective services. During the three months ended September 30, 2019, the Company recognized management revenue of in the amount $1,263,900 relating to the Management SA, and recognized consulting expenses of $1,174,055 relating to the Master SA.

See Note 4 for information relating to the Amalgamation.

See Note 7 for information relating to an investment in an associate controlled by a related party.

See Note 16 for information relating to stock options issued to certain officers and directors of the Company.

18. Capital management

The Company considers its capital structure to consist of shareholders' equity, long-term debt and convertible debentures. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition and development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external equity financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019 and 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 1).

19. Financial instruments

Fair values

The fair values of the cash, investments, trade and other receivables, loans receivable from related parties, accounts payable and accrued liabilities and promissory note payable approximate their carrying values due to the relatively short-term nature of these financial instruments. The fair value of long-term debt, lease contract liability and convertible debentures is based on observable market data and the calculation of discounted cash flows. Discount rates were determined based on current terms and conditions observed in the credit market.

The Company follows a three-tier categorization for its financial instruments as a framework for disclosing fair value based upon inputs used to value the Company's investments. The hierarchy is summarized as:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 – inputs for assets and liabilities not based upon observable market data

As at September 30, 2019, the Company did not hold any financial instruments included in level 1, 2 or 3.

(Unaudited – Expressed in Canadian Dollars)

19. Financial instruments (continued)

Fair values (continued)

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	**2019**	2018
	$	$	**$**	$
Interest income	**(589,361)**	-	**(652,945)**	-
Interest expense	**1,126,169**	-	**1,126,169**	-
Net interest expense	**536,808**	-	**473,224**	-

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, foreign currency risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations.

The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

	September 30, 2019	December 31, 2018
	$	$
Trade receivables aging:		
0-30 days	**2,931,004**	-
31-60 days	**(134,433)**	-
61-90 days	**12,489**	-
Greater than 90 days	**259,563**	-
	3,068,623	-
Expected credit loss provision	**(39,980)**	-
Net trade receivables	**3,028,643**	-

The movement in the expected credit loss provision can be reconciled as follows:

	September 30, 2019	December 31, 2018
	$	$
Expected credit loss provision:		
Expected credit loss provision, beginning balance	**-**	-
Expected credit loss provision, Mergers and Acquisitions (Note 4)	**(41,186)**	-
Net provision used during the period	**1,206**	-
Expected credit loss provision, ending balance	**(39,980)**	-

The following default rates are used to calculate the expected credit loss provision on trade receivables as at September 30, 2019:

	Total	**Not past due**	**Over 30 days past due**	**Over 60 days past due**	**Over 90 days past due**
Default rates		0.39%	2.83%	1.88%	12.37%
Trade receivables	**$ 3,068,623**	$ 2,931,004	(134,433)	$ 12,489	$ 259,563
Expected credit loss provision	**$ 39,980**	$ 11,431	$ (3,801)	$ 235	$ 32,115

19. Financial instruments (continued)

Credit risk (continued)

All of the Company's cash is held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments.

Concentration risk

As at September 30, 2019, the Company had five customers which accounted for approximately 64.16% of its trade receivables, these five customers also accounted for 35.07% of revenues for the nine months ended September 30, 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and working capital which is maintained through stringent cash flow management to ensure sufficient liquidity is maintained. Maturity analysis of liabilities which are due in next twelve months can be summarized as follows:

	September 30, 2019	December 31, 2018
	$	$
Accounts payable and accrued liabilities	**8,700,878**	421,538
Promissory note payable	**2,000,000**	
Current portion of lease contract liability	**64,182**	-
	10,765,060	421,538

Foreign currency risk

A large portion of the Company's transactions occur in a foreign currency (mainly in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated trade receivables, accounts payable and cash. As at September 30, 2019, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate $143,000 (December 31, 2018 - $198,000) decrease or increase, respectively, in total loss and comprehensive loss.

Interest rate risk

The Company's long-term debt bears interest at prime rate plus 5.05%. Fluctuations in the prime rate will result in changes to the months interest expense. A change in the annual interest rate of 0.50% on the Initial Advance will result in a $15,000 change in the annual interest expense.

20. Segment disclosure

The Company operates in one industry segment of digital media and entertainment. The majority of the Company's assets are located in Canada and the United States ("US"). The Company sells into three major geographic centers: United States of America ("USA"), Canada and other foreign countries. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

Revenues for various services is summarized below for the three and nine months ended September 30, 2019 and 2018:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Media	**1,699,406**	-	**1,699,406**	-
Esports	**1,307,901**	-	**1,307,901**	-
	3,007,307	-	**3,007,307**	-

The sales, in Canadian dollars, in each of these geographic locations for the three and nine months ended September 30, 2019 and 2018 are as below:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
USA	**1,046,651**	-	**1,046,651**	-
Canada	**1,331,876**	-	**1,331,876**	-
All other countries	**628,779**	-	**628,779**	-
	3,007,307	-	**3,007,307**	-

The non-current assets, in Canadian dollars, in each of the geographic locations as at September 30, 2019 and December 31, 2018 are below:

	September 30, 2019	December 31, 2018
	$	$
Canada	**186,047,155**	-
USA	**278,466**	-
	186,325,621	-

21. Subsequent events

(i) The Company received the Further Advance of $17,000,000 relating to the Facility subsequent to September 30, 2019. The Company paid the Lender an $800,000 administrative fee in relation to the Further Advance (Note 12)

(ii) On October 4, 2019, the Company, through its wholly-owned subsidiary, Enthusiast Properties, acquired Steel Media Limited ("Steel Media") pursuant to a share purchase agreement dated September 17, 2019 (the "Steel SPA"). Steel Media is a leading mobile gaming and live events company, owning 20 mobile gaming media websites including: pocketgamer.com, pocketgamer.biz, appspy.com, and 148apps.com; and is the owner and operator of over 25 video game networking events across 11 countries, including key markets such as the US and UK. Steel Media is also an industry leader in B2B and consumer mobile gaming events. It owns and operates numerous successful networking events around the world with 15,000 registered industry attendees and key sponsors and partners.

Pursuant to the terms of the Steel SPA, the Company has agreed to (i) a cash payment of approximately USD $2,969,000, of which USD $1,968,536 was paid on closing (USD $1,000,000 net of cash on hand) with the balance to be paid on the first anniversary of the date of closing and (ii) issuance of USD $500,000 worth of common shares, which resulted in 304,147 shares being issued at a deemed price of $2.17 per share on closing. In addition, the Company has agreed to an earn out payment of up to USD $500,000 based on the performance of Steel Media. All common shares issued in connection with the transaction are subject to a 12 month hold period from the date of issuance and approval of the TSX Venture Exchange.

(iii) The Company settled the $2,000,000 promissory note relating to the Acquisition (Note 4).