VIP Entertainment Group Inc.

Interim Consolidated Financial Statements

Period Ended June 30, 2022 and 2021

Expressed in Canadian dollars

VIP Entertainment Group Inc.
Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
	$	$
Assets		
Current assets		
Cash	**105,297**	42,417
Prepaid and deposits	**20,000**	20,000
Total Assets	**125,297**	62,417
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	**96,909**	307,183
Customer deposits	**38,781**	28,515
Due to related party (Note 6)	**11,109**	141
Short term loans (Note 3)	**152,744**	266,889
Total Liabilities	**299,543**	602,728
Equity		
Share capital (Note 5)	**1,376,105**	1,376,105
Shares to be issued (Note 3 and 4)	**795,500**	240,000
Reserve	**(2,615)**	(1,886)
Deficit	**(2,343,236)**	(2,154,530)
Total Equity	**(174,246)**	(540,311)
Total Liabilities and Shareholders' Equity	**125,297**	62,417

Nature of Operations and Going Concern (Note 1)
Contingency (Note 10)
Subsequent events (Note 12)

Approved on behalf of the Board:

Signed Joel Donaid
Joel Donaid, Director

Signed David Antony
David Antony, Director

VIP Entertainment Group Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the three and six month period ended June 30, 2022 and 2021

	Three month period ended		Six month period ended	
	June 30 2022	June 30, 2021	**June 30 2022**	June 30, 2021
	$	$	**$**	$
Revenue	**155,736**	125,489	**262,754**	321,149
Commissions	**19,000**	39,237	**43,453**	102,587
	136,735	86,252	**219,301**	218,562
General and Administrative Expenses				
Advertising and promotion (Note 6)	**39,247**	42,928	**56,218**	93,189
Consulting fees	**-**	-	**2,400**	678,239
Financing fee (Note 3)	**-**	-	**10,000**	-
Licenses	**32,259**	31,838	**32,259**	31,838
Management fees (Note 6)	**96,300**	57,100	**157,900**	114,300
Office and miscellaneous	**21,863**	11,587	**32,573**	36,777
Professional fees	**20,309**	37,803	**44,327**	49,613
Software development expense	**15,418**	20,756	**32,635**	69,013
Travel	**4,893**	833	**10,840**	833
Total General and Administrative Expenses	**230,289**	202,845	**379,152**	1,073,802
Net Loss Before Other Items	**(93,553)**	(116,593)	**(159,851)**	(855,240)
Interest expenses (Notes 3 and 4)	**(12,519)**	(5,952)	**(28,855)**	(12,169)
Other income from share cancellation (Note 5)	**-**	-	**-**	601,500
Net Loss for the Period	**(106,072)**	(122,545)	**(188,706)**	(265,909)
Foreign currency translation	**(378)**	(96)	**(729)**	(319)
Comprehensive Loss for the Period	**(106,451)**	(122,641)	**(189,435)**	(266,228)
Basic Loss Per Common Share	**(0.0020)**	(0.0024)	**(0.0036)**	(0.0051)
Weighted Average Number of Common Shares Outstanding	**52,306,800**	51,922,185	**52,306,800**	51,857,768

VIP Entertainment Group Inc.
Interim Consolidated Statement of Changes in Equity
Expressed in Canadian dollars

	Number of Outstanding Shares	Share Capital $	Share to be issued $	Foreign currency translation reserve $	Deficit $	Total Shareholders' Deficiency $
Balance, December 31, 2020	52,750,100	919,100	-	(1,031)	(1,453,738)	(535,669)
Shares cancelled (Note 5)	(7,500,000)	(601,500)	-	-	-	(601,500)
Shares issued for cash (Note 5)	2,380,233	357,035	-	-	-	357,032
Shares issued for exercise of warrants (Note 5)	154,867	23,230	-	-	-	23,230
Shares issued for services (Note 5)	4,521,600	678,240	-	-	-	678,240
Foreign currency translation adjustment	-	-	-	(319)	-	(319)
Net loss	-	-	-	-	(265,909)	(103,289)
Balance, June 30, 2021	52,306,800	1,376,105	-	(1,350)	(1,719,647)	(344,892)
Shares to be issued (Note 4)	-	-	240,000	-	-	240,000
Foreign currency translation adjustment	-	-	-	(536)	-	(536)
Net loss	-	-	-	-	(434,883)	(434,883)
Balance, December 31, 2021	52,306,800	1,376,105	240,000	(1,886)	(2,154,530)	(540,311)
Shares to be issued (Note 4)	-	-	555,500	-	-	555,500
Foreign currency translation adjustment	-	-	-	(729)	-	(729)
Net loss	-	-	-	-	(188,706)	(188,706)
Balance, June 30, 2022	**52,306,800**	**1,376,105**	**795,500**	**(2,615)**	**(2,343,236)**	**(174,246)**

VIP Entertainment Group Inc.

Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the six month period ended June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
	$	$
Operating Activities		
Net loss	**(188,706)**	(265,909)
Financing fee	**10,000**	-
Accrued interest	**28,855**	12,169
Shares issued for service	**-**	678,240
Other income from share cancellation	**-**	(601,500)
Changes in non-cash working capital:		
Change in due from a related party	**10,968**	6,255
Change in account payable and accrued liabilities	**(210,274)**	(120,240)
Change in customer deposits	**10,266**	(43,390)
Cash flows used in operating activities	**(338,892)**	(1,012,615)
Financing Activities		
Issuance of common shares for cash	**-**	357,035
Warrant exercise	**-**	23,230
Short term loans	**50,000**	-
Subscription payable	**352,500**	-
Repayment of loans	**-**	(30,000)
Cash flows (used in) provided by financing activities	**402,500**	350,265
Effect of foreign exchange on cash flows	**(729)**	(319)
Change in cash	**62,880**	15,572
Cash, beginning	**42,417**	38,768
Cash, ending	**105,297**	54,340

1. NATURE OF OPERATIONS AND GOING CONCERN

VIP Entertainment Group Inc. (the "Company") was incorporated on February 22, 2016 under the laws of Alberta, Canada. The Company's principal business activity is the development of online poker and other sports betting products.

On October 24, 2019, the Company changed its name from VIP Bets Inc. to VIP Entertainment Group Inc.

The head office and principal office of the Company is located at 400 – 3rd Avenue SW, Suite 3700, Calgary, Alberta T2P 4H2.

For the six month period ended June 30, 2022, the Company reported a net loss of $188,706 (2021 – $265,909) and has an accumulated deficit of $2,343,236 (December 31, 2021 – $2,154,530). These conditions indicate the existence of a material uncertainty that casts doubt about the Company's ability to continue as a going concern. As at June 30, 2022, the Company has $105,297 (December 31, 2021 – $42,417) in cash available to meet its liabilities as they become due. The Company will manage its activity levels, expenditures and commitments based on its current cash position.

The interim consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to generate additional financial resources in order to meet its planned business objectives. Financial resources will come in the form of debt and/or equity financing. These consolidated financial statements do not reflect adjustments in the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of Compliance

The interim consolidated financial statements for the six months ended June 30, 2022 and 2021 have been prepared in accordance with International accounting standard ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements are presented in Canadian dollars. These interim consolidated financial statements do not include all disclosure required for fair presentation and should be read in conjunction with the Corporation's consolidated financial statements for the years ended December 31, 2021 and 2020.

The preparation of these interim consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in the Corporation's consolidated financial statements for the years ended December 31, 2021 and 2020.

The interim consolidated financial statements have been authorized by the Company's Board of Directors on August 26, 2022.

Basis of Measurement

The interim consolidated financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). These interim consolidated financial statements are presented in Canadian dollars.

Principles of Consolidation

The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Westchester Holdings Inc. ("Westchester"), a company incorporated in Belize, VIP Entertainment NV ("VIP NV"), a company incorporated in Curacao, and Coal Harbor Developments Limited. ("Coal Harbor"), a company incorporated in Cyprus.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies with that of the Company.

3. SHORT TERM LOANS

During the year ended December 31, 2021, the Company borrowed short-term loans totaling $233,205 from multiple creditors. The principal plus a 10% financing fee was due on or before October 31, 2021. As the short-term loans were not repaid by October 31, 2021, all outstanding amounts began bearing interest at 2% per month, compounding monthly, until such time as the Loans are paid in full or settled with the common shares.

During the three month period ended March 31, 2022, the Company borrowed short-term loans totaling $50,000 from a single creditor. The principal plus a 20% financing fee is due on or before April 1, 2022. If this short-term loan is not repaid by April 1, 2022, all outstanding amounts began bearing interest at 1% per month, compounding monthly, until such time as it is paid in full or settled with the common shares.

On May 9, 2022, the Company settled $203,000 in short-term loans as part of its brokered private placement of subscription receipts at $0.25 per unit. Each unit will comprise of one common share and one half share purchase warrant, and each whole warrant is exercisable at $0.50 for 24 months.. The $203,000 has been moved to the subscription payable account.

As at June 30, 2022, outstanding balance of the short-term loans was $152,744 (December 31, 2021 - $266,889). The Company recognized $10,000 (December 31, 2021 - $23,320) in financing fees and $28,044 (December 31, 2021 - $10,364) in interest expense.

4. LOAN PAYABLE

On July 24, 2018, the Company signed a letter of intent ("First LOI") whereby the Company will issue to a non-related party convertible debentures in the aggregate amount of $1,500,000, secured by a general security agreement, bearing interest at an annual rate of 12% per annum and convertible into that number of shares of the Company equal to 20% of the issued and outstanding common shares, with such conversion occurring at the closing date.

On acceptance of the First LOI, the Company received $250,000 as a loan bearing interest at 12% per annum. During the year ended December 31, 2018, the First LOI was terminated and the loan became due on demand. On October 10, 2020, a final settlement agreement was entered into in which the Company will repay the balance of $284,000, including interest of $34,000, in minimum monthly payments of $5,000 on the first day of each month, starting in November 2020. In the event of default, the entire amount becomes due and payable. The balance outstanding related to the final settlement agreement was initially measured at the present value of the payments in the amount of $218,027 on the debt settlement date, using a discount rate of 12%. This resulted in the Company recognizing $65,973 in write-off of debts and interest expense of $2,130 during the year ended December 31, 2020. During the year ended December 31, 2021, the Company accrued interest expense of $21,474.

On November 1, 2021, the outstanding balance of the loan was $181,631 and the Company settled the loan for 960,000 subscription receipt units which were issued on May 9, 2022, at $0.25 per unit for a total value of $240,000 resulting in a loss on debt settlement of $58,368 for the year ended December 31, 2022. Each unit will comprise of one common share and one half share purchase warrant, and each whole warrant is exercisable at $0.50 for 24 months. As at June 30, 2022, the loan payable is $Nil (December 31, 2021 - $Nil).

5. SHARE CAPITAL

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Shares issued

On February 15, 2021, the Company issued 154,867 common shares for total proceeds of $23,230 pursuant to the exercise of warrants with an exercise price of $0.15 per share.

On February 15, 2021, the Company issued 1,546,900 common shares at $0.15 per share for total proceeds of $232,035.

On February 15, 2021, the Company issued 4,521,600 common shares of the Company valued at $678,240 for consulting services rendered by arm's length parties.

On May 12, 2021, the Company issued 833,333 common shares at $0.15 per share for total proceeds of $125,000.

Shares cancelled

On February 11, 2021, 500,000 common shares with a cost of $500 were returned to treasury and cancelled as a settlement of debt for services not completed. The Company recorded a gain on debt settlement of $500.

On February 11, 2021, 1,000,000 common shares with a cost of $1,000 were returned to treasury and cancelled as a settlement of debt for services not completed. The Company recorded a gain on debt settlement of $1,000.

On February 11, 2021, 6,000,000 common shares with a cost of $600,000 were returned to treasury and cancelled in lieu of receipt of payment in the amount of $162,619 related to outstanding balances due from certain players previously not recognized. The Company recorded other income of $600,000.

Expressed in Canadian dollars

Subscription receipts

On May 9, 2022, the Company completed a brokered private placement (the "Offering") of subscription receipts (the "Subscription Receipts") for gross proceeds of $1,706,500. The financing was priced at $0.25 per Subscription Receipt (the "Offering Price"), and each Subscription Receipt shall automatically entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to acquire one unit of the Company ("Unit") upon the satisfaction of certain escrow release conditions, all in accordance with terms and conditions of a subscription receipt indenture to be entered into by the Company and the Agent, and until such time, no Subscription Receipts may be exercised by the holders thereof.

Each Unit will include one common share of the Company and one half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of $0.50 for a period of 24 months following its issuance. Completion of the Offering is a condition precedent to the completion of the Proposed Transaction. The Units will be exchanged for Resulting Issuer Shares and common share purchase warrants of the Resulting Issuer upon completion of the Proposed Transaction based on the Exchange Ratio.

In connection with the Offering, the Agent was paid $25,010 cash commission and 193,280 broker warrants ("Broker Warrants"). Each Broker Warrant is exercisable for one Unit at an exercise price of $0.25 per Unit for a period of 24 months following the date of issuance of thereof.

Warrants

	June 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price *
Warrants outstanding, beginning of period	1,220,133	$0.15	1,375,000	$0.15
Warrants exercised	-	-	(154,867)	$0.15
Warrants outstanding, end of period	1,220,133	$0.15	1,220,133	$0.15

Outstanding warrants at June 30, 2022 were as follows:

Date of expiry	Exercise price *	Number of warrants	Weighted average remaining contractual life, years
August 31, 2022	$0.15	1,220,133	0.17

On January 15, 2021, the Company amended the exercise price of 1,375,000 share purchase warrants from $0.25 per share to $0.15 per share.

On January 31, 2022, the Company amended the expiry date of 1,220,133 share purchase warrants from February 1, 2022 to June 30, 2022 and on June 23, 2022 the Company extended the expiry date to August 31, 2022.

6. RELATED PARTY TRANSACTIONS

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly. Key management personnel include the Company's directors and members of the senior management group.

Expressed in Canadian dollars

During the three month period ended June 30, 2022, the Company paid and/or accrued management fees of $15,000 (2021 - $12,500) to the Chief Executive Officer and a Director of the Company.

During the six month period ended June 30, 2022, the Company paid and/or accrued management fees of $27,500 (2021 - $30,000) to the Chief Executive Officer and a Director of the Company.

During the three month period ended June 30, 2022, the Company paid and/or accrued management fees of $12,000 (2021 - $11,000) to a family member of the Chief Executive Officer and Director of the Company.

During the six month period ended June 30, 2022, the Company paid and/or accrued management fees of $22,000 (2021 - $24,000) to a family member of the Chief Executive Officer and Director of the Company.

During the three month period ended June 30, 2022, the Company paid and/or accrued marketing fees of $Nil (2021 - $12,500), management fee of $14,000.00 (2021 - $Nil) to a Director of the Company.

During the six month period ended June 30, 2022, the Company paid and/or accrued marketing fees of $Nil (2021 - $30,000), management fee of $25,000 (2021 - $Nil) to a Director of the Company.

During the three month period ended June 30, 2022, the Company paid and/or accrued management fees of $Nil (2021 - $10,000) and marketing fee of $10,000 (2021 - $Nil) to a family member of a Director of the Company.

During the six month period ended June 30, 2022, the Company paid and/or accrued management fees of $22,000 (2021 - $Nil) and marketing fee of $Nil (2021 - $23,500) to a family member of a Director of the Company.

As at June 30, 2022, $11,109 (December 31, 2021 – $141) was due to the Chief Executive Officer of the Company.

7. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts due from a related party, accounts payable, customer deposits and short term loans. The carrying value of amounts due from a related party, customer deposit and loans payable are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3: Inputs that are not based on observable market data.

The Company does not have any Level 1 financial instruments.

The Company's financial instruments have been classified as follows:

Financial instrument:	**Classification:**
Cash	Amortized cost
Due to/from a related party	Amortized cost
Accounts payable	Amortized cost
Customer deposits	Amortized cost
Short term loans	Amortized cost

Risk exposure and management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. At June 30, 2022, the Company had working capital deficit of $174,246 (December 31, 2021 – $540,311). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company controls and monitors its cash flow on a regular basis, including forecasting future cash flows. To date, the Company's primary source of funding has been operations and the issuance of equity securities for cash, primarily through private placements. The Company will need to obtain additional funding by way of equity to meet its financial obligations.

Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company does not have any financial instruments that are sensitive to interest rate changes and is therefore not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company periodically pays operating expenses in foreign currencies, but they are not significant. The Company's exposure to currency risk is minimal due to the nominal amounts of foreign assets and foreign liabilities and insignificant amount of foreign expenses.

8. CAPITAL MANAGEMENT

The Company manages its capital to ensure it will be able to continue as a going concern and continue the funding of its long-term investment. The capital structure of the Company consists of share capital and loans. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

9. SEGMENTED INFORMATION

During the period ended June 30, 2022 and 2021, the Company had one operating segment, being the online gaming business segment.

10. CONTINGENCY

During the years ended December 2020 and 2019, the Company wrote-off certain loans that have been outstanding for several years without any claims from the past vendors. The Company's position is that these loans are no longer due; however, there can be no guarantee that any of these creditors will not file a claim against the Company in the future. In such an event, the Company will defend its position that these liabilities are not payable. As at June 30, 2022, no claim has been made against the Company in regards to the loans that have been written off during previous years.

11. PROPOSED TRANSACTION

On April 21, 2022, the Company ("VIP") entered into definitive agreement with ANC Capital Ventures Inc. ("ANC"). Pursuant to the agreement, ANC and the Company intend to complete a business combination intended to constitute ANC's Qualifying Transaction (the "Proposed Transaction"). The Proposed Transaction will result in ANC acquiring all of the issued and outstanding equity shares of the Company (the "VIP Entertainment Shares") in exchange for 1.16739 ("Exchange Ratio") common shares of ANC (each, an "ANC Share"). Convertible securities of the Company will be exchanged on the equivalent Exchange Ratio. The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approval of the Company, final approval of the TSX Venture Exchange (the "Exchange") and standard closing conditions.

12. SUBSEQUENT EVENTS

On July 7, 2022, the Company closed the Proposed Transaction with ANC. In connection with the Transaction, VIP completed a brokered private placement through Research Capital Corp. of subscription receipts at a price of $0.25 per subscription receipt for gross proceeds of $2,006,500. Each subscription receipt was deemed automatically converted into one unit (a "Unit") of VIP, without the payment of additional consideration or the taking of further action on the part of the subscriber. Each Unit is comprised of one common share in the capital of VIP and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share in the capital of VIP (each, a "Warrant Share") at a price of C$0.50 per Warrant Share for a period of twenty-four months following the satisfaction of the Escrow Release Conditions. All Units under the financing were exchanged for equivalent securities of ANC in connection with the terms of the Transaction subject to the Exchange Ratio ("Resulting Issuer Unit").

In connection with the Transaction, the Company also settled debt in the amount of $714,500 through the issuance of 2,858,000 VIP Units at a price of $0.25 per Unit.

As part of the Transaction, common share purchase warrants and agent's options of VIP were replaced with similar securities of ANC with adjustments to their exercise or conversion terms to reflect the Exchange Ratio for the VIP common shares under the Transaction. In addition, Market Tactic Media Ltd., an arm's-length party, was paid a finder's fee in the amount of 770,000 Shares at the offering price of $0.21 per Share.

As part of the Transaction, ANC changed its name from "ANC Capital Ventures Inc." to "VIP Entertainment Technologies Inc." ("VIP Tech.") and the directors and management nominated by VIP became the directors and management of ANC.

Following the completion of the Transaction, the VIP Tech. currently has a total of 80,488,309 common shares outstanding, as well as: (i) common share purchase warrants exercisable to purchase up to 7,777,308 common shares at exercise prices ranging from $0.128 to $0.43; (ii) stock options exercisable to purchase 2,755,000 common shares at exercise prices ranging from $0.10 to $0.21; and (iii) agent's options to acquire 225,633 Resulting Issuer Units at $0.21 per Unit.

An aggregate of 35,313,665 common shares are subject to escrow pursuant to Exchange escrow requirements. In addition, a further 16,927,155 common shares are subject to resale restrictions pursuant to the TSX Venture Exchange's resale matrix.

On July 7, 2022, ANC issued an aggregate of 2,200,000 options to purchase ANC shares exercisable at a price of $0.25 for a period of five (5) years to directors, officers and certain employees of the Resulting Issuer in connection with the Transaction.