GOLDEN MATRIX GROUP, INC.

FORM 10-Q
(Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2020

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934**

For the transition period from ______ to _______

Commission File Number 000-54840

Golden Matrix Group, Inc.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

46-1814729
(IRS Employer Identification Number)

3651 Lindell Road, Suite D131, Las Vegas, NV 89103
(Address of principal offices)

(702) 318-7548
(Issuer's telephone number)

Securities registered pursuant to section 12(b) of the Act:
None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, Par Value $0.00001 per share
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☒
			Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standard provided pursuant to Section 13(a) of the Exchanger Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 9, 2020, there were 2,855,318,757 shares of the registrant's $0.00001 par value common stock issued and outstanding.

GOLDEN MATRIX GROUP, INC.*

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Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Golden Matrix Group, Inc. (the "Company"), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**Please note that throughout this Quarterly Report, and unless otherwise noted, the words "we,""GMGI" "our," "us," the "Company," refers to Golden Matrix Group, Inc.*

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GOLDEN MATRIX GROUP, INC
Consolidated Balance Sheets
(Unaudited)

	As of April 30, 2020 (Unaudited)	As of January 31, 2020 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,940,392	$ 1,856,505
Accounts receivable, net	994,540	791,340
Accounts receivable – related parties, net	1,240,939	1,058,874
Total current assets	4,175,871	3,706,719
Total assets	$ 4,175,871	$ 3,706,719
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 31,306	$ 25,621
Accounts payable - related parties	735,830	660,682
Advances from shareholders	1,000	1,000
Accrued interest	42,451	41,964
Settlement payable - related party	290,000	290,000
Convertible notes payable, net of discounts	30,000	30,000
Convertible notes payable, net- in default	10,000	10,000
Promissory note - related party	-	174,254
Total current liabilities	1,140,587	1,233,521
Total liabilities	$ 1,140,587	$ 1,233,521
Shareholders' equity:		
Preferred stock, Series A: $0.00001 par value; 19,999,000 shares authorized, none outstanding	-	-
Preferred stock, Series B: $0.00001 par value, 1,000 shares authorized, 1,000 and 1,000 shares issued and outstanding, respectively	-	-
Common stock: $0.00001 par value, 6,000,000,000 shares authorized, 2,845,318,757 and 2,845,318,757 shares issued and outstanding, respectively	28,453	28,453
Additional paid-in capital	28,211,736	27,916,689
Stock payable	37,000	-
Accumulated other comprehensive loss	(683)	(683)
Accumulated deficit	(25,241,222)	(25,470,961)
Total shareholders' equity	3,035,284	2,473,198
Total liabilities and shareholders' equity	$ 4,175,871	$ 3,706,719

See accompanying notes to consolidated financial statements.

GOLDEN MATRIX GROUP, INC.
Consolidated Statements of Operations
(Unaudited)

	Three months ended April 30, 2020	Three months ended April 30, 2019
Revenues	$ 203,199	$ 162,772
Revenues-related party	531,565	574,397
Cost of goods sold	(31,496)	(214,849)
Gross profit	703,268	522,320
Costs and expenses:		
G&A expense	110,640	105,409
G&A expense- related party	78,086	53,922
Compensation expense – acquisition cost – related party	-	6,791
Professional fees	20,388	7,983
Amortization expenses	259,560	54,979
Total operating expenses	468,674	229,084
Income from operations	234,594	293,236
Other income (expense):		
Interest expense	(6,151)	(17,168)
Interest earned	1,296	2,346
Gain on derivative liability	-	909
Total other income (expense)	(4,855)	(13,913)
Net income	$ 229,739	$ 279,323
Net earnings per common share – basic	$ 0.00	$ 0.00
Net earnings per common share diluted	$ 0.00	$ 0.00
Weighted average number of common shares outstanding – basic	2,845,318,757	2,838,577,184
Weighted average number of common shares outstanding –diluted	4,220,395,360	2,851,432,351

See accompanying notes to consolidated financial statements.

GOLDEN MATRIX GROUP, INC.

Consolidated Statement of Shareholders' Equity

Three Months Ended April 30, 2020 and 2019

(Unaudited)

	Preferred Stock- Series B		Common Stock		Additional Paid-in Capital	Stock Payable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholder's Equity (Deficit)
	Shares	Amount	Shares	Amount					
Balance at January 31, 2019	1,000	$ -	2,835,318,757	$ 28,353	$ 27,308,176	$ -	$ (683)	$ (27,453,853)	$ (118,007)
Issuance of shares for services	-	-	10,000,000	100	27,900	-	-	-	28,000
Fair value of options/warrants issued for services	-	-	-	-	269,828	-	-	-	269,828
Gain on extinguishment of contingent liability – related party	-	-	-	-	114,618	-	-	-	114,618
Imputed interest	-	-	-	-	12,055	-	-	-	12,055
Net income	-	-	-	-	-	-	-	279,323	279,323
Balance at April 30, 2019	1,000	-	2,845,318,757	$ 28,453	$ 27,732,577	$ -	$ (683)	$ (27,174,530)	$ (585,817)
Balance at January 31, 2020	1,000	-	2,845,318,757	$ 28,453	$ 27,916,389	-	$ (683)	$ (25,470,961)	$ 2,473,198
Fair value of shares issued for services	-	-	-	-	-	37,000	-	-	37,000
Fair value of options/warrants issued for services	-	-	-	-	291,056	-	-	-	291,056
Imputed interest	-	-	-	-	4,291	-	-	-	4,291
Net income	-	-	-	-	-	-	-	229,739	229,739
Balance at April 30, 2020	1,000	-	2,845,318,757	$ 28,453	$ 28,211,736	$ 37,000	$ (683)	$ (25,241,222)	$ 3,035,284

See accompanying notes to consolidated financial statements.

GOLDEN MATRIX GROUP, INC.
Consolidated Statements of Cash Flow
(Unaudited)

	Three months ended April 30,	
	2020	**2019**
Cash flows from operating activities:		
Net income (loss)	$ 229,739	$ 279,323
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Unrealized loss (gain) on derivative liabilities-note conversion feature	-	(909)
Fair value of stock option issued for services	31,496	214,849
Fair value of shares issued for services	37,000	28,000
Amortization expense	259,560	54,979
Fair value loss on contingent liability-related party	-	6,791
Imputed interest	4,291	12,055
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(203,200)	(154,620)
(Increase) decrease in accounts receivable – related party	(182,065)	(209,192)
(Decrease) increase in accounts payable and accrued liabilities	5,685	19,119
(Decrease) increase in accounts payable – related party	75,148	51,487
(Decrease) increase in accrued interest	487	5,113
Net cash provided by operating activities	258,141	306,995
Cash flows from financing activities:		
Repayments on promissory note – related party	(174,254)	-
Net cash provided (used in) financing activities	(174,254)	-
Net increase in cash and cash equivalents	83,887	306,995
Cash and cash equivalents at beginning of the period	1,856,505	1,118,499
Cash and cash equivalents at end of year	1,940,392	1,425,494
Supplemental disclosure of cash flow information:		
Extinguishment of contingent liability – related party	-	$ 1,031,567
Gain on extinguishment of contingent liability – related party	-	$ 114,618

See accompanying notes to consolidated financial statements.

GOLDEN MATRIX GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Golden Matrix Group, Inc. ("GMGI" or "Company") was incorporated in the State of Nevada on June 4, 2008, under the name Ibex Resources Corp. The Company business at the time was mining and exploration of mineral properties. On August 31, 2009, the Company changed its name to Source Gold Corp. in order to reflect the focus of the Company. In April 2016, the Company changed its name to Golden Matrix Group, Inc., reflected the changing direction of the Company business to software technology. GMGI has a global presence with offices in Las Vegas Nevada and Sydney Australia. GMGI's sophisticated social gaming software supports multiple languages including English and Chinese.

The accompanying unaudited interim consolidated financial statements of Golden Matrix Group, Inc. ("GMGI" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report for the six months ended January 31, 2020 on Form 10-KT filed on June 8, 2020.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements which would substantially duplicate the disclosure contained in the audited consolidated financial statements for the most recent fiscal year ended January 31, 2020 have been omitted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Significant items subject to such estimates and assumptions include contingent liability, stock-based compensation, warrant valuation and collectability of accounts receivable. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. The carrying value of these investments approximates fair value.

Revenues

According to Topic 606, *Revenue Recognition*, our company recognize revenue with the following steps:

Step 1: Identify the contract with a customer.
Step 2: Identify the separate performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the separate performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Earnings per Common Share

Basic net earnings per common share are computed by dividing net earnings available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents.

The dilutive effect of outstanding stock options and warrants is reflected in diluted earnings per share by application of the treasury stock method. The dilutive effect of outstanding convertible securities is reflected in diluted earnings per share by application of the if-converted method.

The following is a reconciliation of basic and diluted earnings per common share for the three months ended April 30, 2020 and 2019:

	For the three months ended April 30, 2020	For the three months ended April 30, 2019
Basic earnings per common share		
Numerator:		
Net income available to common shareholders	$ 229,739	$ 279,323
Denominator:		
Weighted average common shares outstanding	2,845,318,757	2,838,577,184
Basic earnings per common share	$ 0.00	$ 0.00
Diluted earnings per common share		
Numerator:		
Net income available to common shareholders	$ 229,739	$ 279,323
Denominator:		
Weighted average common shares outstanding	2,845,318,757	2,838,577,184
Preferred shares	1,000	1,000
Warrants/Options	1,366,109,091	-
Convertible debt	8,966,512	12,854,167
Adjusted weighted average common shares outstanding	4,220,395,360	2,851,432,351
Diluted earnings per common share	$ 0.00	$ 0.00

Derivative Instruments

We review the terms of the common stock, warrants and convertible debt we issue to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the equity or convertible debt instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any are then allocated to the host instruments themselves, usually resulting in those instruments being recorded as a discount from their face value.

Derivatives are measured at their fair value on the balance sheet. Changes in fair value are recorded in the statement of operation.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carry-forwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rules on deferred tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is "more likely-than-not" that a deferred tax asset will not be realized.

Comprehensive Loss

The Company is required to report comprehensive loss, which includes net loss as well as changes in equity from non-owner sources.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;

- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, accounts payable and accrued liabilities, notes payable, convertible notes payable, advances from shareholder, and derivative liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term nature. The derivative liabilities are stated at their fair value as a level 3 measurement. The Company used a Black-Scholes model to determine the fair values of these derivative liabilities.

Stock-Based Compensation

The Stock-based compensation expense is recorded as a result of stock options granted in return for services rendered. For the comparative periods, the share-based payment arrangements with employees were accounted for under ASC 718, while nonemployee share-based payments issued for goods and services are accounted for under ASC 505-50. ASC 505-50 differs significantly from ASC 718. On June 20, 2018, the FASB issued ASU 2018-07, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The Company has adopted the new standard and has made some adjustment with regard to the share-based compensation costs. Under the ASU 2018-07, the measurement of equity-classified nonemployee share-based payments is generally fixed on the grant date. And the options are no longer revalued on each reporting date. The expenses related to the share-based compensation are recognized on each reporting date. The amount is calculated as the difference between total expenses incurred and the total expenses already recognized.

Subsequent Events

The Company evaluated subsequent events through the date these financial statements were issued for disclosure purposes. More details of the subsequent events are covered in Note 8.

Recent Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize all leases (with the exception of short-term leases) on the balance sheet as a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early application permitted. The new standard is to be applied using a modified retrospective approach. The Company does not have any lease agreements or have any contracts that contain lease elements.

On June 20, 2018, the FASB issued ASU 2018-07, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees.

For public business entities (PBEs), the amendments in ASU 2018-07 are effective for fiscal years beginning after December 15, 2018, including interim periods therein. Early adoption is permitted if financial statements have not yet been issued (for PBEs), but no earlier than an entity's adoption date of ASC 606. If early adoption is elected, all amendments in the ASU that apply must be adopted in the same period. In addition, if early adoption is elected in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.

The Company has adopted the ASU 2018-07 and has adjusted the share-based compensation costs during last fiscal year. The management believes the new standard can best represent the company's operating results.

The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying financial statements.

NOTE 2 - GOING CONCERN

The accompanying unaudited consolidated financial statements of GMGI have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has suffered significant net losses from operations in prior periods and had an accumulated deficit of $25,241,222 as of April 30, 2020. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. During the quarter, the Company has generated a net profit of $229,739. The revenue growth during the quarter has produced solid profitability and excellent cash flow. The management plans to expand the customer base globally and to integrate additional operators, launch additional synergistic products and appoint more distributors to keep the growth of revenues. As such, the Company continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

NOTE 3 - NOTES PAYABLES

Convertible Notes Payable

Convertible notes payable at April 30, 2020 and January 31, 2020 consisted of the following:

	April 30, 2020	January 31, 2020
Convertible Note #2	30,000	30,000
Convertible Note #59 - in default	10,000	10,000
Notes payable, principal	$ 40,000	$ 40,000
Total notes payable, net of discount	$ 30,000	$ 30,000
Total notes payable, net of discount - in default	$ 10,000	$ 10,000

Convertible Note #2

On March 19, 2012, the Company received $30,000 cash from the issuance of a convertible promissory note in the amount of $30,000. The promissory note is unsecured, interest free and repayable upon demand.

The note may be converted at the option of the holder into Common stock of the Company. The fixed conversion price is $0.01 per share. Accordingly the note may be converted into 3,000,000 common shares of the Company.

The Company determined that this Promissory Note should be accounted for in accordance with FASB ASC 470-20 which addresses "Accounting for Convertible Securities with Beneficial Conversion Features". The beneficial conversion feature is calculated at its intrinsic value (that is, the difference between the conversion price $0.01 and the fair value of the common stock into which the debt is convertible at the commitment date (per share being $0.08), multiplied by the number of shares into which the debt is convertible. The valuation of the beneficial conversion feature recorded cannot be greater than the face value of the note issued.

On August 1, 2019, the Company, Pursuant to Chapter 104 - Uniform Commercial Code—Original Articles, NRS 104.3603 - Tender of payment. NV Rev Stat § 104.3603 (2013) and other applicable law, issued a Notice of Tender to Greenshoe by a registered letter. The Company is tendering payment in full of the currently outstanding balance of the Note, in the amount of $30,000. Such tender of payment by the Company to Greenshoe is in full discharge of the Company's obligations under the Note #2. The registered letter has been returned to us as the registered address they provided is not available. The Company is now seeking legal opinions to address the liability.

As of April 30, 2020, the principal balance of this note was $30,000.

Convertible Note #59

On July 31, 2015 the Company entered into a Convertible Promissory Note with Direct Capital Group, Inc. in the sum of $240,000. The promissory note is unsecured, bears interest at 8% per annum, and matures on January 31, 2016. Any principal amount not paid by the maturity date bears interest at 22% per annum.

On April 26, 2016, $50,000 was reassigned to Blackbridge Capital, LLC ("Blackbridge"). Blackbridge failed to meet terms of the Assignment and Assumption and were therefore in default of their obligations. The Company took legal advice regarding the breach of Blackbridge Capital LLC's obligations. On the June 2, 2016, the Company's legal counsel, wrote to Blackbridge Capital advising them of the breach and also that the Company had cancelled the remaining balance on the note. The Company recorded a gain on extinguishment of debt $47,151.

On July 21, 2016, $25,000 was reassigned to Istvan Elek. At any time the note may be converted at the option of the holder into Common stock of the Company. The conversion price is 50% of the market price, where market price is defined as "the lowest closing price on any day with a fifteen day look back".

On September 22, 2016, the Company entered into a Cancellation and Release Agreement with Direct Capital Group, Inc. ("Direct"). In terms of Cancellation and Release Agreement Direct agreed to cancel the convertible promissory note with the Company totaling $183,157. In consideration for the cancellation of the convertible promissory notes and in terms of the Asset Purchase Agreement dated February 22, 2016, the Company has agreed to transfer ownership of mining claims held in the Company's name. It was also agreed by both the Company and Direct that Direct shall release all future claims to subsequent conversions of the Notes and the Company will have no further obligation to Direct under those Convertible Notes and Direct shall be forever barred from seeking further conversions or claiming obligations of the Company under the Convertible Notes. The Company recorded a gain on extinguishment of debt of $165,000 related to the agreement.

On August 1, 2019, the Company, Pursuant to Chapter 104 - Uniform Commercial Code—Original Articles, NRS 104.3603 - Tender of payment. NV Rev Stat § 104.3603 (2013) and other applicable law, issued a Notice of Tender to Istvan Elek by a registered letter. The Company is tendering payment in full of the currently outstanding balance of the Note, in the amount of $12,424. Such tender of payment by the Company to Istvan Elek is in full discharge of the Company's obligations under the Note #59. The registered letter has been received by the counter party but the Company has not received any responses from Istvan Elek. The Company is now seeking legal opinions to address the liability.

As of April 30, 2020, the principal balance of this note was $10,000, and the interest accrued was $3,025.

Loans from Shareholders

During the year ended July 31, 2016 and, the Company received a loan of $1,000 from its officer to open a new bank account. As of April 30, 2020, the balance of the loan was $1,000. The loan form the officers are due on demand, unsecured with no interest.

Settlement Payable – Related Party

On March 1, 2016 the Company entered into a convertible promissory note with Luxor Capital, LLC in the amount of $2,374,712. The promissory note is unsecured, bears interest at 6% per annum, and matures on March 1, 2017.

Upon the holder's option to convert becoming active the Company recorded a debt discount and derivative liability of $1,662,243 being the fair value of the conversion feature which was determined using the Black-Scholes valuation model based on the stock price of $0.2985, exercise price of $0.4264, time to maturity of 1 year and expected volatility of 1557%. The debt discount is accreted to the statement of operations using the effective interest rate method over the term of the note or to the date of conversion, and the derivative liability is revalued at each reporting date to fair value. Any change in fair value is credited or charged to the statement of operations in the period.

On September 10, 2018, the Company entered into Settlement Agreement with Luxor Capital LLC ("Luxor") whereby the parties agreed to release each other from any, and all liabilities relating to the Convertible Promissory Note. Pursuant to the Settlement Agreement, the Company agreed to pay out the remaining balance of the note totalling $649,414 by converting $209,414 into common stock at a conversion price $0.001, by making a payment of $150,000 and by entering into an interest free loan for the balance of $290,000, such loan to be repaid in two equal instalments of $145,000 on the September 10, 2019 and September 10, 2020. And no discount was recorded for the settlement amount. On September 10, 2018, 209,414,000 shares of common stock were issued for the conversion of $209,414.

As of April 30, 2020, principal balance of this note was $0. The principal amount of $290,000 was transferred to settlement payable due to this Settlement Agreement. The $145,000 settlement payable due on September 10, 2019 was in default. Although Luxor did not charge interest on this loan, the imputed interest was still recorded. During the three months ended April 30, 2020, $4,291 imputed interest was recorded.

Promissory Note Payable

On February 28, 2018, the company entered into an Asset Purchase Agreement with Luxor Capital, LLC. Pursuant to the agreement the company purchased certain Intellectual Property and Knowhow (the "GM2 Asset"). In exchange for the GM2 asset, the company issued 625,000,000 shares of common stock valued at $187,500 based on closing market price on the date of the agreement as well as an earn-out payment which states that the Company, on or before April 30, 2019, will issue an earn-out note calculated at 50% of the revenues generated by the GM2 Asset system during the 12-month period of March 1, 2018 to February 28, 2019.

During the period ended July 31, 2018, the Company recorded a contingent liability of $1,055,312. By the end of February 28, 2019, a $90,873 fair value loss on contingent liability was recognised due to the adjustment on the estimate of the potential future payments of the earn-out note.

Related to the earn-out note, as of February 28, 2019, the Company recorded a contingent liability of $1,146,185 for the liability due to Luxor. On April 1, 2019, Luxor proposed 10% discount on the payable amount, the Company agreed to issue a Promissory Note of $1,031,567 regarding to the Asset Purchase agreement, $114,618 additional paid in capital was recorded for gain on extinguishment – related party. The note bears 6% interest rate.

Pursuant to the Promissory Note, 20% of the total value shall be paid on signing the agreement, 40% of the total value shall be paid on October 1, 2019, and 40% of the total value including any accrued interest shall be paid on April 1, 2020. The late payment fee would be $500 per month.

For the three months period ended April 30, 2020, the Company paid $175,627 to Luxor, LLC, consisting of $174,254 of the principal and $1,373 of accrued interest. As of April 30, 2020, the balance of the principal of Promissory Note was $0; interest payable was $39,303, and a late fee payable was $0.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, we may be party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings other than those detailed below that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

NOTE 5 - RELATED PARTY TRANSACTIONS

All related party transactions have been recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Luxor Capital, LLC

On February 22, 2016, the Company entered into an Asset Purchase Agreement with Luxor Capital, LLC, which is wholly owned by Anthony Goodman, CEO of the Company. The Company purchased a Certain Gaming IP, along with the "know how" of that Gaming IP from Luxor. Pursuant to the Asset Purchase Agreement, 11,112 shares of common stock have been issued to Luxor Capital, LLC and its designed party.

On March 1 2016, the Company issued a convertible promissory note to Luxor. The Company promised to pay to Luxor the principal amount of $2,874,712 together with any accrued interest at a rate of 6%.

On September 10, 2018, the Company entered into Settlement Agreement and Mutual General Release Agreement (the "Settlement Agreement") with Luxor to release all liabilities relating to the Convertible Note issued on March 1, 2016 (the "Note"), the Company agreed to pay out the remaining balance totalling $649,414 by converting $209,414 into common stock at a conversion price $0.001, and a payment of $150,000, and by entering into an interest free loan for the remaining balance of $290,000. As of April 30, 2020, the interest free loan consisted of the settlement payable of $290,000. Although Luxor did not charge interest on this loan, the imputed interest was still recorded. During the three months ended April 30, 2020, $4,291 imputed interest was recorded.

On February 28, 2018, the Company entered into an Asset Purchase Agreement with Luxor to acquire certain Intellectual Property and Know-how (the "GM2Asset), the aggregate purchase price was 625,000,000 shares of common stock valued at $187,500 on the date of issuance and an Earnout Note Payable calculated at 50% of the revenues generated by GM2 during the 12-month period from March 1, 2018 to February 28, 2019. On April 1, 2019, $1,146,185 contingent liability related to the Earnout Note was recognized. The GM2 Asset is expected to lead to new clients and incremental revenues by allowing the Company to offer unique IP to Social Gaming Clientele.

On April 1, 2019, the Company issued a Promissory Note in terms of the Asset Purchase Agreement with Luxor entered on February 28, 2018. Luxor has proposed a 10% discount to the amount of the Promissory Note. The note bears 6% interest rate.

For the three months period ended April 30, 2020, the Company paid $175,627 to Luxor, LLC, consisting of $174,254 of the principal and $1,373 of accrued interest. As of April 30, 2020, the balance of the principal of Promissory Note was $0; interest payable was $39,303, and a late fee payable was $0.

Brian Goodman

On February 22, 2016, the Company entered into a Consulting Service Agreement with its Chief Executive Officer, Anthony Goodman. Pursuant to the Agreement, the consulting fee could be settled in shares. On December 12, 2017, the Company issued 77,780,659 shares of common stock to settle account payable of $30,000 to Mr. Goodman. On June 18, 2018, the Company issued 25,000,000 shares of common stock to settle account payable of $30,000,000 to Mr. Goodman. As of April 30, 2020, the Company had $182,276 payable to Mr. Goodman.

On January 3, 2018, the Company granted a stock option plan: the 2018 Equity Incentive Plan. In terms of this plan, on January 3, 2018 and September 19, 2019, the Company issued share options to Brian Goodman. More details of the options are covered in Note 6 Equity.

Weiting Feng

On February 22, 2016, the Company entered into a Consulting Service Agreement with its Chief Financial Officer, Weiting Feng. Pursuant to the Agreement, the consulting fee could be settled in shares. On December 12, 2017, the Company issued 77,780,659 shares of common stock to settle account payable of $30,000 to Ms, Feng. On June 18, 2018, the Company issued 25,000,000 shares of common stock to settle account payable of $30,000,000 to Ms. Feng. As of April 30, 2020, the Company had $209,053 payable to Ms. Feng.

On January 3, 2018, the Company granted a stock option plan: the 2018 Equity Incentive Plan. In terms of this plan, on January 3, 2018 and September 16, 2019, the Company issued share options to Weiting Feng. More details of the options are covered in Note 6 Equity.

Thomas E. McChesney

On April 24, 2020, the Board of Directors appointed Mr. Thomas E. McChesney as Director of the Company. Mr. McChesney's appointment was effective from 27 April, 2020. The Board of Directors agreed to compensate Mr. McChesney $2,000 per month payable in arears and in addition to issue 15 million options. More details of the options are covered in Note 6 Equity.

Articulate Pty Ltd

On April 1, 2016, the Company entered into a Services Agreement with Articulate Pty Ltd, which is wholly owned by Anthony Goodman, CEO of the Company, for consulting services. Pursuant to the agreement Articulated would receive $4,500 per month for services rendered and reimbursement of office expenses from the Company. On January 1, 2018, the Company amended the Back Office Agreement, in which Articulate discontinued to provided services, however the term of the Back Office Agreement will continue for a further 12 months for with regard to further co-operation.

On December 1, 2018, the Company entered into an Amendment to Back Office Agreement with Articulate Pty Ltd. The Company shall increase the contribution from $2,300 per month to $5,500 per month.

On August 1, 2019, the Company entered into a Second Amendment to Back Office Agreement with Articulate Pty Ltd. The Parties have conducted discussions with regard to GMGI's contribution. Based on the increased utilisation of office space, increased use of utilities, and accounting resources, the Parties have agreed to increase the contribution from $5,500 per month to $11,000 per month.

For the three months ended April 30, 2020 and 2019, general and administrative expense related to the back office service was $33,000 and $ $16,500, respectively. As of April 30, 2020, the Company had $344,501 payable to Articulate Pty Ltd.

On March 1, 2018, the Company entered into a License Agreement with Articulate, in which Articulate received a license from the Company to use GM2 Asset technology, and would pay the Company a usage fee calculated as a certain percentage of the monthly content and software usage within the GM2 Assent system.

From July 1, 2018, the Company provided system for usage in additional currency, a lower usage fee scale was agreed in an Addendum for the additional market.

During the three months ended April 30, 2020, revenue form Articulate was $531,565. As of April 30, 2020, the Company had a $1,240,939 accounts receivable from Articulate.

Globaltech Software Services LLC

On June 1, 2016, the Company entered a distribution usage rights agreement with Globaltech Software Services LLC. ("Globaltech"), a company in which Anthony Goodman the Chief Executive Officer has an interest. The Company agreed to provide certain proprietary technology in the form of a Credit Management system, Social Gaming system and other Marketing and Gaming Technology. This agreement not only brings operating revenue to the Company, but also solidifies the Company's expertise in the social gaming market.

On December 1, 2018, the Company entered into a Cancellation of Distribution Usage Rights Agreement with Globaltech. The parties have agreed to suspend minimum monthly charge from December 1, 2018 and work together to enter into a Co-operation agreement in coming months.

During the three months ended April 30, 2020 and 2019, there were no revenues from Globaltech. As of April 30, 2020, the Company had a $10,839 accounts receivable from Globaltech. Since the amount was due over one year, the Company recorded an allowance for the total accounts receivable of $10,839 on January 31, 2020. As of April 30, 2020, the net accounts receivable from Globaltech was $0.

NOTE 6 – EQUITY

Preferred Stock

The Company authorized the creation of 20,000,000 shares of it $0.00001 par value preferred stock.

On August 10, 2015, the Company's Board of Directors authorized the creation of 1,000 shares of Series B Voting Preferred Stock. The holder of the shares of the Series B Voting Preferred Stock has the right to vote those shares of the Series B Voting Preferred Stock regarding any matter or action that is required to be submitted to the shareholders of the Company for approval. The vote of each share of the Series B Voting Preferred Stock is equal to and counted as 4 times the votes of all of the shares of the Company's (i) common stock, and (ii) other voting preferred stock issued and outstanding on the date of each and every vote or consent of the shareholders of the Company regarding each and every matter submitted to the shareholders of the Company for approval.

On August 10, 2015, the Company filed a Certificate of Designation with the Nevada Secretary of State creating the 1,000 shares of Series B Voting Preferred Stock

On August 14, 2015, the Company issued 1,000 shares of Series B Voting Preferred Stock to Santa Rosa Resources, representing 100% of the total issued and outstanding shares of the Company's Series B Voting Preferred Stock.

On April 3, 2016, the Company cancelled 1,000 shares of Series B Voting Preferred Stock to Santa Rosa Resources and a new certificate issued in the name of Luxor Capital LLC in the amount of 1,000 Series B shares.

As of April 30, 2020, 19,999,000 Series A preferred shares and 1,000 Series B preferred shares of par value $0.00001 were authorized, of which 0 Series A shares were issued and outstanding, 1,000 Series B shares were issued and outstanding.

Common Stock

The Company authorized the creation of 6,000,000,000 shares of its $0.00001 par value common stock.

During the three months ended October 31, 2019, there was no issuance of shares.

As of April 30, 2020, 6,000,000,000 common shares of par value $0.00001 were authorized, of which 2,845,318,757 shares were issued and outstanding.

Stock Payable

On March 20, 2020, the Company entered into an Addendum to Corporate Communication and Investor Relations Program (the "Addendum to Agreement") with James Caplan, d/b/a Marker Maker. Pursuant to the Agreement, the Company shall issue 10 million shares of common stock in lieu of services rendered by James Caplan. The shares were valued at $37,000 using the closing share price on the date of grant. The shares were not issued at April 30, 2020, as such the value was recorded to stock payable.

Stock Option Plan

On January 3, 2018, the Company granted a stock option plan: the 2018 Equity Incentive Plan. The fair value of stock option was measured using the Black-Scholes option pricing model. The Black-Scholes valuation model takes into consideration the share price of the Company, the exercise price of the option, the amount of time before the option expires, and the volatility of share price. The compensation expense will be charged to operations through the vesting period. The amount of cost will be calculated based on the new accounting standard ASU 2018-07.

(a) External Consultants:

On January 3, 2018, the Company granted stock options to 9 external consultants, each of them was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0004 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be June 30, 2021. The fair value of each consultant's option was $11,877 on the grant date based on the share price of $0.0004 on the granting date, exercise price of $0.0004, time to maturity of 3.5 years, and stock price volatility of 273%. During the financial year 2018, three of the consultants have resigned, and their options were forfeited. During the financial year 2019, another two of the consultants have resigned, but one third of their options were vested. As of April 30, 2020, 100,000,000 options above were vested. Except for the forfeited options, the fair value of the stock options above was $71,260 in total on the grant date.

On March 15, 2018, the Company granted stock options to an external consultant, James Young. The consultant was granted to purchase 210,000,000 shares of common stock of the Company at exercise price of $0.0004 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be June 30, 2021. The fair value of the option was $41,209 on the grant date based on the share price of $0.0002 on the granting date, exercise price $0.0004, time to maturity of 3.5 years, and stock volatility of 263%. As of April 30, 2020, 140,000,000 options were vested.

On May 8, 2018, the Company granted stock options to an external consultant, Siu Kei Ho. The consultant was granted to purchase 75,000,000 shares of common stock of the Company at exercise price of $0.0004 with vesting period of three years. The expiration date will be June 30, 2021. Since the consultant did not perform services as anticipated and specified in the consulting agreement, on May 8, 2019, the Company terminated the consulting agreement and all compensation specified in the agreement with Siu Kei Ho.

On August 3, 2018, the Company granted stock options to an external consultant, Hongfei Zhang. The consultant was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0008 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be June 30, 2021. The fair value of the stock options was $22,056 on the grant date based on the share price of $0.0008 on the grant date, exercise price of $0.0008, time to maturity of 3.5 years, and stock volatility of 345%. As of April 30, 2020, 10,000,000 options were vested.

On November 28, 2018, the Company granted stock options to an external consultant, Su He. The consultant was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0011 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be May 29, 2022. The fair value of the stock options was $29,869 on the grant date based on the share price of $0.0011 on the grant date, exercise price of $0.0011, time to maturity of 3.5 years, and stock volatility of 329%. As of April 30, 2020, 10,000,000 options were vested.

On April 9, 2019 the Company entered a Consultant Agreement and granted stock options to an external consultant, Marc Mcalister. The consultant was granted to purchase 15,000,000 shares of common stock of the Company at exercise price of $0.0022 with vesting period of half year, vesting 100% on October 9, 2019. The fair value of the stock options was $16,820 on the grant date based on the share price of $0.0022 on the grant date, exercise price of $0.0022, time to maturity of 1 year, and stock volatility of 136%. The original expiration date was April 9, 2020. On March 26, 2020, the Company passed a board resolution to extend the expiration date by 3 months, and the expiration date was extended to July 9, 2020. The Company recorded an additional $11 amortization expense due to the exercise period being extended.

On April 9, 2019 the Company entered a Consultant Agreement and granted stock options to an external consultant, Michael Davies. The consultant was granted to purchase 8,000,000 shares of common stock of the Company at exercise price of $0.0022 with vesting period of half year, vesting 100% on October 9, 2019. The fair value of the stock options was $8,971 on the grant date based on the share price of $0.0022 on the grant date, exercise price of $0.0022, time to maturity of 1 year, and stock volatility of 136%. The original expiration date was April 9, 2020. On March 26, 2020, the Company passed a board resolution to extend the expiration date by 3 months, and the expiration date was extended to July 9, 2020. The Company recorded an additional $6 amortization expense due to the exercise period being extended.

On June 11, 2019, the Company granted stock options to an external consultant, Zhe Yan. The consultant was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0032 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be December 11, 2022. The fair value of the stock options was $75,312 on the grant date based on the share price of $0.0032 on the grant date, exercise price of $0.0032, time to maturity of 3.5 years, and stock volatility of 244%.

On June 11, 2019, the Company granted stock options to an external consultant, Yukun Qiu. The consultant was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0032 with vesting period of three years, vesting 33% each anniversary for three years. The expiration date will be December 11, 2022. The fair value of the stock options was $75,312 on the grant date based on the share price of $0.0032 on the grant date, exercise price of $0.0032, time to maturity of 3.5 years, and stock volatility of 244%.

On March 16, 2020, the Company granted stock options to an external consultant, Jiayi Wu. The consultant was granted to purchase 30,000,000 shares of common stock of the Company at exercise price of $0.0031 with vesting period of two years, vesting 33% for the first two half years and 33% for the remaining one year. The expiration date will be September 15, 2022. The fair value of the stock options was $55,195 on the grant date based on the share price of $0.0031 on the grant date, exercise price of $0.0031, time to maturity of 2.5 years, and stock volatility of 88.16%.

On March 16, 2020, the Company granted stock options to an external consultant, James Young. The consultant was granted to purchase 15,000,000 shares of common stock of the Company at exercise price of $0.0031 with vesting period of two years, vesting 50% each year. The expiration date will be March 16, 2024. The fair value of the stock options was $29,073 on the grant date based on the share price of $0.0031 on the grant date, exercise price of $0.0031, time to maturity of 4 years, and stock volatility of 88.16%.

On March 16, 2020, the Company granted stock options to an external consultant, Tamzin Cubells. The consultant was granted to purchase 15,000,000 shares of common stock of the Company at exercise price of $0.0031 with vesting period of two years, vesting 50% each year. The expiration date will be March 16, 2024. The fair value of the stock options was $29,073 on the grant date based on the share price of $0.0031 on the grant date, exercise price of $0.0031, time to maturity of 4 years, and stock volatility of 88.16%.

The cost of sales related to the options was $31,496 in total for the three months ended April 30, 2020.

(b) Directors:

The Company granted stock options to its Chief Financial Officer to purchase 210,000,000 shares of common stock of the Company at exercise price of $0.0004 with vesting period of one and a half years, vesting 33% each half year. The fair value of the stock option was $69,615 on August 1, 2018 based on the share price of $0.0004, exercise price of $0.0004, time to maturity of 1 year, and stock volatility of 273%. As of January 31, 2020, the options were fully vested. On September 16, 2019, the Company passed a board resolution to extend the expiration date from December 30, 2019 to June 30, 2020. On January 20, 2020, the Company passed a board resolution to extend the expiration date by another 12 months, and the expiration date was extended to June 30, 2021. The Company recorded an additional $1,337 amortization expense due to the exercise period being extended.

The Company granted stock options to its Chief Executive Officer to purchase 810,000,000 shares of common stock of the Company at exercise price of $0.00044 with vesting period of one and a half years, vesting 33% each half year for one and a half years. The fair value of the stock option was $265,821 on August 1, 2018 based on the share price of $0.0004, exercise price of $0.00044, time to maturity of 1 year, and stock volatility of 273%. As of January 31, 2020, the options were fully vested. On September 16, 2019, the Company passed a board resolution to extend the expiration date from December 30, 2019 to June 30, 2020. On January 20, 2020, the Company passed a board resolution to extend the expiration date by another 12 months, and the expiration date was extended to June 30, 2021. The Company recorded an additional $5,740 amortization expense due to the exercise period being extended.

On September 19, 2019, the Company granted stock options to its Chief Financial Officer to purchase 105,000,000 shares of common stock of the Company at exercise price of $0.0055 with vesting period of one and a half years, vesting 33% each half year. The fair value of the stock option was $332,446 on September 19, 2019 based on the share price of $0.0055, exercise price of $0.0055, time to maturity of 2 years, and stock volatility of 111%. As of April 30, 2020, 35,000,000 options were vested.

On September 19, 2019, the Company granted stock options to its Chief Executive Officer to purchase 405,000,000 shares of common stock of the Company at exercise price of $0.00605 with vesting period of one and a half years, vesting 33% each half year. The fair value of the stock option was $1,236,381 on September 19, 2019 based on the share price of $0.0055, exercise price of $0.00605, time to maturity of 2 years, and stock volatility of 111%. As of April 30, 2020, 135,000,000 options were vested.

On April 27, 2020, the Company granted stock options to its Director, Thomas McChesney, to purchase 15,000,000 shares of common stock of the Company at exercise price of $0.0053 with vesting period of nine months, vesting 50% after the first three months and 25% after the second three months and 25% after the third three months. The fair value of the stock option was $88,171 on April 27, 2020 based on the share price of $0.0084, exercise price of $0.0053, time to maturity of 5 years, and stock volatility of 77.27%. As of April 30, 2020, none of the options were vested.

As of April 30, 2020, 1,190,000,000 stock options granted to directors were vested; $259,560 amortization expense was recorded related to the director's options for the three months ended April 30, 2020.

NOTE 7 – CONCENTRATION

At the present time, we are dependent on a small number of direct customers for most of our business, revenue and results of operations. The Company's major revenues for the three months ended April 30, 2020 were from two customers, Articulate Pty Ltd and Red Label Technology Pty Ltd.

For the three months ended April 30, 2020, the aggregate amount of revenues from the two customers were $734,764. Articulate Pty Ltd accounted for 72% and Red Label Technology Pty Ltd accounted for 28%.

As of April 30, 2020, the net amount of accounts receivable from the two customers were $2,235,479. Articulate Pty Ltd accounted for 56% and Red Label Technology Pty Ltd accounted for 44%.

For the three months period ended April 30, 2020, cash received from customers was all from Articulate Pty Ltd which was $349,500 in total.

The Company maintains strong relationship with these two customers and expect to engage with additional customers in the coming period.

NOTE 8 – SUBSEQUENT EVENTS

On May 6, 2020, the Company issued 10 million shares to James Caplan per the Addendum to Corporate Communication and Investor Relations Program the Company entered into with James Caplan as discussed in Note 6 Equity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

The following discussion and analysis summarizes the significant factors affecting our consolidated results of operations, financial condition and liquidity position for the three months ended April 30, 2020. This discussion and analysis should be read in conjunction with our audited financial statements and notes thereto included in our Annual Report on Form 10-KT for our year-ended January 31, 2020 and the consolidated unaudited financial statements and related notes included elsewhere in this filing. The following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward looking statements, including without limitation, statements related to our plans, strategies, objectives, expectations, intentions and adequacy of resources. Investors are cautioned that such forward-looking statements involve risks and uncertainties including without limitation the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) our plans and results of operations will be affected by our ability to manage growth; and (iii) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terminology such as ‘‘may,’’ ‘‘will,’’ ‘‘should,’’ ‘‘could,’’ ‘‘expects,’’ ‘‘plans,’’ ‘‘intends,’’ ‘‘anticipates,’’ ‘‘believes,’’ ‘‘estimates,’’ ‘‘predicts,’’ ‘‘potential,’’ or ‘‘continue’’ or the negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We are under no duty to update any of the forward-looking statements after the date of this Report.

Overview

Golden Matrix Group, Inc. (“GMGI” or “Company”) was incorporated in the State of Nevada on June 4, 2008, under the name Ibex Resources Corp. The Company business at the time was mining and exploration of mineral properties. In October 2009, the Company changed its name to Source Gold Corp, remaining in the business of acquiring exploration and development stage mineral properties. In April 2016, the Company changed its name to Golden Matrix Group, Inc., changing the direction of the Company business to focus on software technology.

On February 22, 2016, the Company entered into an Asset Purchase Agreement with Luxor Capital, LLC, a Nevada limited liability corporation. The Company purchased a certain Gaming IP, along with the “know how” of that Gaming IP from Luxor. In consideration for the purchase, the Company agreed to issue 11,112 shares of the Company’s Common Stock and a Convertible Promissory Note in the amount of $2,374,712. On February 26, 2016, 11,112 shares were issued to Luxor Capital, LLC.

On February 18, 2016, Edward Aruda, the Chief Executive Officer, Secretary, Treasurer and Director tendered his resignation as CEO, Secretary and Treasurer. Mr. Aruda remained a Director of the Company. On February 18, 2016, the Board of Directors appointed Mr. Anthony Brian Goodman as Chief Executive Officer, President, Secretary, Treasurer, and Chairman of the Board of Directors, and appointed Ms. Weiting Feng as Chief Financial Officer and Director of the Company.

On April 1, 2016, the Company entered a services agreement with Articulate Pty Ltd (“Articulate”), a company controlled by Mr. Anthony Brian Goodman, the Company’s CEO, to assist the Company in developing, marketing, and supporting services.

On April 8, 2016, Mr. Aruda resigned his position on the Board of Directors with the Company. Mr. Aruda’s resignation was not due to any disagreement on any matter relating to the operations, policies, or practices of the Company.

On April 22, 2016, the Company entered an operator services agreement with Game Sparks Technologies Limited (“Gamesparks”), to assist the Company in developing and providing a social online gaming platform. On March 2, 2018, the Company reaffirmed its operator service agreement with Gamesparks, now a wholly owned division of Amazon.com Inc (“Amazon”). Whilst there have been certain delays in fully launching the Social Gaming Platform, GameSparks confirmed that it has long shared Amazon’s passion for helping developers create amazing gaming experiences, so it’s a natural fit. Being part of Amazon means GameSparks will continue to grow the service, as well as explore new ways to unlock the power of Amazon to help build, operate, and monetize our products.

On May 25, 2016, the Company entered into a Cancellation and Release Agreement with the Note Holders, who held notes pursuant to agreements made with previous management, in the amount totaling $2,693,697, and in exchange for the return of mining claims held by the Company.

On June 1, 2016, the Company entered a distribution usage rights agreement with Globaltech Software Services LLC. (“Globaltech”), the Company agreed to provide certain proprietary technology in the form of a Credit Management system, Social Gaming system and other Marketing and Gaming Technology. This agreement not only brings operating revenue to the Company, but also solidifies the Company’s expertise in the social gaming market.

On September 22, 2016, the Company entered into a Cancellation and Release Agreement with the Note Holders, who held notes pursuant to agreements made with previous management, in the amount totaling $709,336, and in exchange for the return of mining claims held by the Company. The Company no longer has any mining assets. All mining claims and assets were disposed of, or transferred in exchange of the cancellation of Convertible Notes held by various Note Holders.

On January 3, 2018, the Company adopted a “2018 Equity Incentive Plan” to attract and retain the best available personnel, to provide incentive to certain individuals providing to the Company and to promote the success of the Company’s business and thereby enhance long-term shareholder value.

On February 28, 2018, the Company entered into an Asset Purchase Agreement with Luxor Capital, LLC(“ Luxor”), which is wholly owned by Company’s Chief Executive Officer Anthony Goodman. Pursuant to the Asset Purchase Agreement, the Company purchased certain Intellectual Property and Know-how (the "GM2 Asset"), in exchange, the Company issued 625,000,000 shares of common stock, and an Earnout Note calculated at 50% of the revenues generated by the GM2 Asset during the 12-month period of March 1, 2018 to February 28, 2019 to Luxor. The GM2 Asset is expected to lead to new clients and incremental revenues by allowing the Company to offer unique IP to Social Gaming Clientele.

On March 1, 2018, the Company entered into a License Agreement (the “License Agreement”) with Articulate Pty Ltd. (“Articulate”), which is wholly owned by Anthony Goodman. Articulate will receive a license from the Company to use the GM2 Asset technology. Articulate will pay the Company a usage fee calculated as a certain percentage of the monthly content and software usage within the GM2 Asset system.

On July 1, 2018, the Company entered into a License Agreement with Red Label Technology Pty Ltd (“Red label Tech”), the Company agreed to provide interactive gaming technology, online marketing systems and customer relation management systems. Red label Tech received a license from the Company to use a unique system in incorporating social gaming content, social gaming management and marketing solution to support B2B business.

On December 1, 2018, the Company entered into a Cancellation of Distribution Usage Rights Agreement with Globaltech, The parties have agreed to suspend minimum monthly charge from December 1, 2018 and work together to enter into a Co-operation agreement in coming months.

As of April 30, 2020, there were no changes to the previously discussed agents and no relationship changes with the customers.

All share number or per share information presented gives effect to the reverse stock split discussed above.

Plan of Operation

GMGI has developed and acquired unique valuable technology that provides a social online gaming platform for operators.

Whilst there are a number of companies that provide similar products for social online gaming operators, the Company has unique IP and is focused on the Asian market. The unique technology, company's location, focused resources and experience in this market provide the Company with a distinct advantage over other company's located in other parts of the world and having limited experience in Asia.

Results of Operations

Three months ended April 30, 2020 compared to the three months ended April 30, 2019.

Revenues

The Company generated $531,565 revenues from related parties during the three months ended April 30, 2020 as compared to $574,397 for the three months ended April 30, 2019. The Company generated $203,199 revenues from third party for the three months ended April 30, 2020 compared to $162,772 for the three months ended April 30, 2019.

Cost of goods sold

During the three months ended April 30, 2020 and 2019, costs of goods sold were $31,496 and $214,849, respectively. The Company recognized the value of stock options granted to consultants in terms of the 2018 Equity Incentive Plan as cost of goods sold. This recognition was based on the fact that the Stock Options directly contributed to the revenue generated by the Company's GM2 asset. The decrease in cost of goods was due to the adoption of new accounting standard ASU 2018-07, in which the Company is not required to re-value options at each reporting date.

General and administrative Expenses

During the three months ended April 30, 2020 and 2019, the total general and administrative expenses were $188,726 and $159,331, respectively. The general and administrative expenses from related parties were $78,086 and $53,922, respectively. The increase in general and administrative expense was primarily a result of the increasing in consulting fees and back office expenses. General and administrative expenses consisted primarily of advertising and promotion expenses, general office expenses and consulting fees.

Compensation Expense – Acquisition Cost - Related Party

During the three months ended April 30, 2020 and 2019, compensation expenses were $0 and $6,791. The acquisition cost was a result of an Asset Purchase Agreement entered into on February 28, 2018, with Luxor Capital, LLC ("Luxor"), which is wholly owned by Company's Chief Executive Officer Anthony Goodman. Pursuant to the Asset Purchase Agreement, the Company purchased certain Intellectual Property and Know-how (the "GM2 Asset") and 50% of the revenues generated by the GM2 Asset during the 12-month period of March 1, 2018 to February 28, 2019 would be paid to Luxor. The Company does have such expenses during this financial year.

Professional fees

During the three months ended April 30, 2020 and 2019, professional fees were $20,388 and $7,983, respectively. Professional fees consisted primarily of SEC filing fees, legal fees and accounting and audit fees. The increase in professional fees was primarily a result of the ongoing process of the stock reverse split.

Amortization Expense

During the three months ended April 30, 2020 and 2019, amortization expenses were $259,560 and $54,979, respectively. The increased amortization expense was due to stock options granted to Anthony Brian Goodman and Weiting Feng on September 16, 2019 in terms of the 2018 Equity Incentive Plan.

Interest Expense

During the three months ended April 30, 2020 and 2019, interest expense was $6,151 and $17,168 respectively. The decrease of interest expense was mainly due to the decrease in outstanding balance of notes payable.

Unrealized Gain (Loss) on Derivative Liabilities - Note Conversion Feature

During the three months ended April 30, 2020, the Company had no unrealised gains or losses on derivative liabilities. For the three months ended April 30, 2019, the Company had a gain on derivative liabilities of $909. As of January 31, 2020, the Company settled the outstanding derivative liabilities.

Interest income

During the three months ended April 30, 2020 and 2019, interest income was $1,296 and $2,346, respectively. The interest income was from the Wells Fargo saving account which the Company opened in February, 2019.

Net Income

The Company had a net income of $229,739 and $279,323 for the three months ended April 30, 2020 and 2019, respectively. The decrease of net income was primarily due to an increase in the amortisation expenses.

Liquidity and Capital Resources

The Company had $1,940,392 in cash at April 30, 2020.

During the three months ended April 30, 2020 and 2019, cash provided by operating activities was $258,141 and $306,995, respectively.

During the three months ended April 30, 2020 and 2019, cash used in financing activities was $174,254 and $0. The increase of cash used in financing activities was mainly due to the repayment of Promissory Note to Luxor.

Material Events and Uncertainties

Our operating results are difficult to forecast. Our prospects should be evaluated in light of the risks, expenses and difficulties commonly encountered by comparable development stage companies.

There can be no assurance that we will successfully address such risks, expenses and difficulties.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management carried out an evaluation under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective as of July 31, 2019, due to the material weaknesses resulting from the Board of Directors not currently having any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K, and controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Please refer to our Annual Report on Form 10-K as filed with the SEC on October 23, 2019 for a complete discussion relating to the foregoing evaluation of Disclosures and Procedures.

Changes in Internal Control over Financial Reporting

Our management has also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of our last evaluation.

The Company is not required by current SEC rules to include, and does not include, an auditor's attestation report. The Company's registered public accounting firm has not attested to Management's reports on the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company has no known legal disputes at this time.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company has no senior securities outstanding.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Exhibit Description
3.1	Articles of Incorporation of Golden Matrix Group, Inc. *
3.2	Bylaws of Golden Matrix Group, Inc.*
31.1	Certificate of principal executive officer and principal accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*
32.1	Certificate of principal executive officer and principal accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with the SEC on the October 7, 2008 as part of our Registration of Securities on Form S-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLDEN MATRIX GROUP, INC

Dated: June 12, 2020

/s/ Anthony Goodman
Anthony Goodman
President, Chief Executive Officer, Secretary, Treasurer and Chairman

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Dated: June 12, 2020

By: */s/ Anthony Goodman*
Anthony Goodman
Its: Chief Executive Officer

Dated: June 12, 2020

By: */s/ Weiting Feng*
Weiting Feng
Its: Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Goodman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Golden Matrix Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 12, 2020

By: */s/ Anthony Goodman*
Anthony Goodman
President, Chief Executive Officer, Secretary, Treasurer and Chairman

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Goodman, Chief Executive Officer of Golden Matrix Group, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended April 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Dated: June 12, 2020

By: */s/ Anthony Goodman*
Anthony Goodman
President, Chief Executive Officer,
Secretary, Treasurer and Chairman