Fantasy 6 Sports Inc.

Consolidated Financial Statements

Years ended December 31, 2016 and 2015

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Fantasy 6 Sports Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

DMCL Chartered Professional Accountants LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

May 1, 2017

"Shafin Tejani"	"Sheri Rempel"
CEO	CFO

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fantasy 6 Sports Inc.

We have audited the accompanying consolidated financial statements of Fantasy 6 Sports Inc., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fantasy 6 Sports Inc. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Fantasy 6 Sports Inc.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements of Fantasy 6 Sports Inc. for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2016.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 1, 2017

Fantasy 6 Sports Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		$ 11,794	$ 466,048
Funds in trust		-	4,910
Prepaids		24,857	-
Other receivable		5,680	-
Government sales tax receivable		26,087	17,291
		68,418	488,249
Non-current assets			
Intangible assets	3,4	2,557,354	228,791
TOTAL ASSETS		**$ 2,625,772**	**$ 717,040**
LIABILITIES			
Current liabilities			
Trade payables	7	$ 256,903	$ 109,793
Accrued liabilties	7	208,250	25,000
Player deposits		15,854	84,388
Related party loans	7	698,581	104,921
TOTAL LIABILITIES		1,179,588	324,102
SHAREHOLDERS' EQUITY			
Share capital	6	4,866,212	741,553
Special warrants	6	-	510,800
Reserve	6	104,403	21,251
Accumulated other comprehensive income		57,963	(15,342)
Deficit		(3,582,394)	(865,324)
SHAREHOLDERS' EQUITY		**1,446,184**	**392,938**
TOTAL LIABILITIES AND SHARESHOLDERS' EQUITY		**$ 2,625,772**	**$ 717,040**

Nature of operations and going concern – Note 1

These consolidated financial statements were authorized for issue by the Board of Directors on May 1, 2017.

Director: "Shafin Tejani" Director: "Sheri Rempel"

Fantasy 6 Sports Inc.
Consolidated statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	7	$ 433,496	$ 36,290
Cost of goods sold		505,394	-
		(71,898)	36,290
Expenses			
Amortization	4	364,154	-
Corporate development		80,982	-
Foreign exchange loss		2,075	467
General and administration	7	63,706	8,600
Interest	7	10,861	-
Investor relations		522,350	-
Management fees	6, 7	249,902	48,624
Professional fees	7	275,811	185,873
Research and development	4, 7	451,310	-
Sales and marketing		366,050	375,416
Transfer agents and regulatory fees		47,291	-
Wages		83,754	15,004
Website expenses	7	126,926	93,697
Total expenses		(2,645,172)	(727,681)
Net loss for the year		(2,717,070)	(691,391)
Other comprehensive income (loss)			
Currency translation adjustment		73,305	(22,626)
Total comprehensive loss		**$ (2,643,765)**	**$ (714,017)**
Loss per share - basic and diluted		**$ (0.06)**	**$ (0.03)**
Weighted average shares outstanding - basic and diluted		**42,056,435**	**20,031,423**

See accompanying notes to the consolidated financial statements

Fantasy 6 Sports Inc.
Consolidated statement of changes in shareholders' equity
(Presented in Canadian dollars)

	Note	Share Capital: Number of shares	Share Capital: Amount	Special warrants	Accumulated other comprehensive income (loss)	Reserve	Deficit	Total
Balance at January 1, 2015		11,023,406	$ 157,513	$ -	$ 7,284	$ -	$ (173,933)	$ (9,136)
Shares issued - share exchange	3, 6	10,600,000	347,000	-	-	-	-	347,000
Shares issued - cash	6	14,776,594	301,336	-	-	-	-	301,336
Share issuance costs - cash	6	-	(64,296)	-	-	-	-	(64,296)
Special warrants	6	-	-	510,800	-	-	-	510,800
Shareholders forgiveness of debt	6	-	-	-	-	21,251	-	21,251
Currency translation adjustment		-	-	-	(22,626)	-	-	(22,626)
Net loss for the year		-	-	-	-	-	(691,391)	(691,391)
Balance at December 31, 2015		36,400,000	741,553	510,800	(15,342)	21,251	(865,324)	392,938
Shares issued - conversion of special warrants	6	5,108,000	510,800	(510,800)	-	-	-	-
Shares issued - warrants exercised for cash	6	5,123,699	823,743	-	-	-	-	823,743
Shares issued - share exchange	3, 6	1,893,940	2,651,516	-	-	-	-	2,651,516
Shares issued - consulting fees	6, 7	100,000	140,000	-	-	-	-	140,000
Shares cancelled	6	(14,000)	(1,400)	-	-	-	-	(1,400)
Shares to be issued - consulting fees	6	-		-	-	83,152	-	83,152
Currency translation adjustment		-	-	-	73,305	-	-	73,305
Net loss for the year		-	-	-	-	-	(2,717,070)	(2,717,070)
Balance at December 31, 2016		**48,611,639**	**$ 4,866,212**	**$ -**	**$ 57,963**	**$ 104,403**	**$ (3,582,394)**	**$ 1,446,184**

See accompanying notes to the consolidated financial statements

Fantasy 6 Sports Inc.
Consolidated statements of cash flows
(Presented in Canadian dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Operating activities		
Net loss for the year	$ (2,717,070)	$ (691,391)
Adjustments for non-cash items:		
Amortization	364,154	-
Interest	10,861	-
Non-cash compensation	223,152	-
Changes in non-cash working capital items:		
Funds held in trust	4,910	-
Investment tax credit receivable	-	9,203
Prepaids	(24,857)	-
Other receivable	(5,680)	
Government sales tax receivable	(7,596)	(20,455)
Trade payables	134,031	94,907
Accrued liabilities	183,250	-
Player deposits	(68,534)	72,503
Net cash flows used in operating activities	(1,903,379)	(535,233)
Investing activities		
Cash acquired on acquisition of FansUnite	3,626	-
Development of intangible asset	(32,948)	(136,633)
Net cash flows provided by (used in) investing activities	(29,322)	(136,633)
Financing activities		
Shares issued, net	823,743	584,040
Special warrants (cancelled)	(1,400)	510,800
Proceeds from shareholders loans	582,799	62,846
Net cash flows from financing activities	1,405,142	1,157,686
Effect of foreign exchange rate changes on cash	73,305	(22,626)
Change in cash	(454,254)	463,194
Cash, beginning	466,048	2,854
Cash, ending	**$ 11,794**	**$ 466,048**

During the year ended December 31, 2016, Special Warrants were converted into common shares of the Company (Note 6). Accordingly, $510,800 was reallocated from special warrants to share capital.

There were no non-cash transactions during the year ended December 31, 2015.

1. Nature of Operations and Going Concern

Fantasy 6 Sports Inc. (the "Company") was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. The Company is a sports, entertainment and technology company which produces online games, contests and other related products and experiences. The Company also develops interactive fan engagement platforms for corporations, media, broadcasts and not-for-profit societies and charities.

The Company's registered office is at Suite 610, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8. The head office and principal address of the Company is located at Suite 300, 128 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1G8. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "FYS" and the Frankfurt Stock Exchange under the symbol "6F6". The Company is also quoted on the OTC Markets in the United States under the symbol of "FNTYF".

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2016, the Company had a working capital deficiency of $1,111,170 (2015 working capital - $164,147) and a net loss of $3,582,394 (2015 - $691,391). Furthermore, the Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent on its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as applicable to the preparation of annual financial statements.

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label Technologies Inc. ("DLT") (note 3), PDL USA Inc. ("PDL") (note 3), FansUnite Media Inc. ("FansUnite") (note 3) and Fantasy 360 Technologies Inc. Intercompany transactions, balances, income and expenses, and gains or losses on transactions are eliminated on consolidation.

c) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company, DLT, FansUnite and Fantasy 360. The functional currency of the PDL is the US dollar.

2. Significant Accounting Policies (continued)

d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the following:

Recognition and Valuation of Deferred Tax Assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Estimated Useful Life of Intangible Assets
Finite-lived intangible assets consist of the Company's aggregate amounts spent on website development costs and intangible assets. The relative size of the Company's intangible assets makes the judgements surrounding the estimated useful lives critical to the Company's financial position and performance. The useful life used to amortize website development costs relates to the future performance of the assets and management's judgement of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite lived intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the following:

Going Concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2016 and 2015. Management prepares the consolidated financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, Management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

Website Development Costs
The application of the Company's accounting policy for website development costs requires judgment in determining whether the present value of future economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits derived from

2. Significant Accounting Policies (continued)

d) Use of Estimates and Judgements (continued)

Website Development Costs (continued)
the Company's website. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

Intangible Assets Acquired Through Acquisition
Determining whether or not the acquisition of FansUnite (note 3) constituted a business combination or an acquisition of assets. The benefit to the Company of acquiring FansUnite was the acquisition of its users. Management concluded that because FansUnite did not possess the necessary inputs and processes capable of producing outputs it did not meet the definition of a business as defined by IFRS. Accordingly, the transaction was accounted for as an acquisition of assets and the fair value of the consideration paid was allocated to the assets acquired.

Research and Development Costs for Applications
Evaluating whether or not costs incurred by the Company in developing its applications meet the criteria for capitalizing as intangible assets. Management determined that as at December 31, 2016, it was not yet able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed

e) Financial Instruments

Non-derivative Financial Assets
The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial Assets at Fair Value Through Profit or Loss
Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss is stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

2. Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Held-To-Maturity Investments
Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-For-Sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any available-for-sale financial assets.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Cash, investment tax credit receivable and funds in trust are classified as loans and receivables.

Impairment of Financial Assets
When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect

2. Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Impairment of Financial Assets (continued)
of available-for sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial Liabilities
The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other financial liabilities. Subsequent to initial recognition other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Accounts payable and accrued liabilities, player deposits and shareholder loans are classified as other financial liabilities. The Company does not have financial liabilities classified as fair value through profit or loss.

e) Website Development Costs

The Company capitalizes website development costs that consist of costs incurred to develop internet websites to promote, advertise and earn revenue with respect to the Company's business operations. Costs are capitalized in accordance with International Accounting Standard ("IAS 38"), Intangible assets and SIC Interpretation 32, Intangible assets – website costs and are amortized on a straight line basis over 3 years from when the internet web site has been completed.

f) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars ("CAD"). At the time of consolidation and financial reporting the following conversion methods are used:

Translation of Foreign Currency Transactions
At each statement of financial position date, foreign currency monetary items are translated to reflect the exchange rate at the statement of financial position date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation of Foreign Operations
The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

2. Significant Accounting Policies (continued)

g) Income Taxes

Current Income Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

h) Research and Development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the years ended December 31, 2016 and 2015.

i) Impairment

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Significant Accounting Policies (continued)

i) Impairment (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

j) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

k) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. For the years ended December 31, 2016 and 2015 other comprehensive loss related to the effects of currency translation adjustments.

l) Revenue Recognition

The Company recognizes revenue from online fantasy sports management fees in accordance with IAS 18, Revenue. The Company accounts for management fee revenue as a principal using the guidance in IAS 18. Revenue consist of management fees related to online entry fees. Revenue is recognized only when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the cost incurred for the transaction and the cost to complete the transaction can be measured reliably. As the entry fees are non-refundable once a contest has concluded, the Company is not subject to any returns from revenue.

To entice players to join games, the Company will have free games for players. The Company will provide the prize payout. The winner of the game is credited with the funds from the game. No management fee is recognized as there was no cash provided by the players. In these circumstances, the prize is recorded as a promotional expense.

The Company also provides services involved with immersive fan experiences. Revenue is recognized when all of the following conditions are met: (a) he amount of revenue can be measured reliably; (b) t is probable that the economic benefits associated with the transaction will flow to the Company; (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2. Significant Accounting Policies (continued)

m) Unit Offerings

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

n) Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods after December 31, 2016.

Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below. The Company is currently evaluating the potential impacts of these new standards.

The following standards, interpretations and amendments, which have not been applied in these consolidated financial statements, may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

IFRS 9, Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. IFRS 15 Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers.

IFRS 15, Revenues (effective January 1, 2018), replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

IFRS 16, Leases (effective January 1, 2019), provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

3. Transactions

Share Exchange Agreement - DLT

On October 19, 2015, the Company, pursuant to a Share Exchange Agreement, among the Company, DLT, and the holders of all of the outstanding common shares of DLT. The Company acquired 100% of the shares of DLT in exchange for 25,200,000 common shares of the Company.

The combining entities were ultimately controlled by the same parties prior and subsequent to the transaction, which is considered a transaction under common control. Under IFRS, the acquisition by the Company of DLT was considered to be a capital transaction in substance, rather than a business combination. This transaction was reflected as a recapitalization, and was accounted for as a change in capital structure. The Company incorporated the assets and liabilities of DLT at their pre-combination carrying amounts without any fair value uplift. The Company's consolidated financial statements include DLT's full year's results (including

(Expressed in Canadian dollars)

3. Transactions (continued)

Share Exchange Agreement – DLT (continued)

comparatives) and reflect the recapitalization of the shareholders' equity as if the transaction occurred as of the beginning of the first period presented. Thus, the 25,200,000 common shares issued to the former DLT shareholders were deemed to be outstanding for all periods reported from the date of issuance of the underlying DLT securities; the 10,600,000 common shares of the Company held by the shareholders of the Company prior to the transaction were deemed to have been issued on October 19, 2015, the closing date for the transaction.

Share Exchange Agreement - PDL

On August 2, 2015 DLT entered into a Share Exchange Agreement with PDL, a company related by way of directors, officers and shareholders in common. Pursuant to the terms of the share exchange agreement, the Company acquired 100% of the shares of PDL in exchange for 2,965 common shares of the Company.

The combining entities were ultimately controlled by the same parties prior and subsequent to the business combination, which is considered a transaction under common control. The Company elected to apply predecessor accounting to the transaction and, as such, all assets and liabilities were incorporated by the Company at their predecessor carrying values and no fair value adjustments were recorded. No goodwill arose as a result of the transaction. The combination was applied on a retrospective basis and accordingly the comparative figures of the Company were restated during the year ended December 31, 2014, to include the results of PDL.

Share Exchange Agreement - FansUnite

On August 31, 2016, the Company entered into a Share Exchange Agreement with FansUnite. Pursuant to the terms of share exchange agreement, the Company acquired 100% of the shares of FansUnite in exchange for 1,893,940 common shares of the Company, with a fair value of $2,651,516. The acquisition was treated as an asset purchase. In accordance with IAS 38 "Intangible Assets", the fair value of the common shares and excess of fair value of the consideration has been recognized as an intangible asset acquired through acquisition.

The acquisition was recorded as follows:

		Acquisition of FansUnite
Fair value of consideration		
Common shares	$	2,651,516
Assets acquired		
Cash		3,626
Government sales tax receivable		1,200
Trade payables		(13,079)
		(8,253)
Intangible assets acquired (Note 4)	$	2,659,769

(Expressed in Canadian dollars)

4. Intangible Assets

Intangible assets are comprised of the following:

	FansUnite	Website development costs	Total
Balance, December 31, 2014	$ -	$ 92,158	$ 92,158
Additions	-	136,633	136,633
Balance, December 31, 2015	-	228,791	228,791
Additions (Note 3)	2,659,769	32,948	2,692,717
Amortization	(276,908)	(87,246)	(364,154)
Balance, December 31, 2016	$ 2,382,861	$ 174,493	$ 2,557,354

FansUnite is an intangible assets acquired through acquisition. The benefit to the Company of acquiring FansUnite was the acquisition of its users. The Company has recognized amortization on a straight line basis over 3 years.

Website development costs are amortized on a straight line basis over 3 years.

Research and development costs incurred in the internal development of applications and platforms are expensed as incurred. During the year ended December 31, 2016, the Company incurred $451,310 (2015 - $Nil) in research and development costs with respect to these activities.

5. Share Capital

Authorized Share Capital

Unlimited common shares without par value

Issued Share Capital

At December 31, 2016, there were 48,611,639 issued and fully paid common shares (2015 – 36,400,000).

Shares issued during the year ended December 31, 2015

On January 20, 2015, PDL issued 1,580,843 common shares for gross proceeds of $151,336.

On February 13, 2015 the Company issued 3,000,000 common shares at $0.005 per share for proceeds of $15,000.

On May 1, 2015, the Company issued 1,600,000 common shares at $0.02 per share for gross proceeds of $32,000.

On August 31, 2015, the Company issued a total of 6,000,000 units at $0.05 per unit, raising total gross proceeds of $300,000. Each Unit consists of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months from closing of the private placement, at an exercise price of $0.10 per share. A fair value of $Nil was assigned to the warrants.

5. Share Capital (continued)

Issued Share Capital (continued)

Shares issued during the year ended December 31, 2015

On October 8, 2015, the Company issued 5,108,000 units for gross proceeds of $510,800 pursuant to a private placement. Each Unit consists of one special warrant ("Special Warrant") and one-half of one share purchase warrant. Each Special Warrant entitles the holder the right to acquire, without additional payment, one common share of the Company. The Special Warrants will automatically convert to common shares of the Company on the earlier of: (a) the first business day following the day on which a receipt for a final prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Province of British Columbia an such other jurisdictions as may be determined by the Company qualifying the distribution of the common shares to be issued upon exercise of the Special Warrants; and (b) the third anniversary of the date of the issuance of the Special Warrants. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months from closing of the private placement, at an exercise price of $0.20 per share. A fair value of $Nil was assigned to the Special warrants.

On October 19, 2015, the Company entered into a Share Exchange Agreement with DLT (note 3). Pursuant to the terms of the Share Exchange Agreement, the Company issued 25,200,000 common shares to the shareholders of DLT.

On October 23, 2015, the Company issued a total of 600,000 units at $0.25 per unit, raising total gross proceeds of $150,000. Each Unit consists of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months from closing of the private placement, at an exercise price of $0.50 per common. A fair value of $Nil was assigned to the warrants.

Shares issued during the year ended December 31, 2016

On April 29, 2016, Special Warrants related to the October 8, 2015 private placement were automatically converted to shares of the Company. Concurrently, 14,000 of the units from the private placement were cancelled and the Company refunded $1,400 to the holder of the units. Accordingly, 5,094,000 common shares of the Company were issued pursuant to the conversion of Special Warrants and $510,800 was reallocated to share capital.

On September 8, 2016, the Company entered into a Share Exchange Agreement with FansUnite (note 3). Pursuant to the terms of the Share Exchange Agreement, the Company issued 1,893,940 common shares to the shareholders of FansUnite.

On September 8, 2016, the Company issued 100,000 common shares pursuant to a consulting agreement with the Chief Operating Officer (note 7). The common shares were recorded at a fair value of $140,000 and recorded in consulting fees.

During the year ended December 31, 2016, the Company issued 5,123,699 common shares on the exercise of share purchase warrants for gross proceeds of $823,743.

(Expressed in Canadian dollars)

6. Share Capital (continued)

Warrants

	December 31, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning	10,962,000	$ 0.15	-	$ -
Issued:				
Warrants	-	-	5,854,000	0.10
Special Warrants	-	-	5,108,000	0.20
Conversion of Special Warrants	(5,094,000)	-	-	-
Cancelled:				
Warrants	(7,000)	0.09	-	-
Special Warrants	(14,000)	0.09		
Exercised	(5,123,699)	0.16	-	-
Balance, ending	723,301	$ 0.19	10,962,000	$ 0.09

The remaining weighted average contractual life of warrants outstanding is 0.73 years as at December 31, 2016.

Warrants are exercisable as follows:

Expiry date	Warrants	Exercise price
August 31, 2017	334,759	$ 0.10
October 8, 2017	306,966	$ 0.20
October 23, 2017	81,576	$ 0.50

Stock Options

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed ten years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

To December 31, 2016 and 2015, the Company has not issued any stock options.

Reserve

The reserve records items recognized as share-based payments and other settlements. During the year ended December 31, 2015, a former director of the Company forgave a loan in the amount of $21,251, which was recorded in reserve. During the year ended December 31, 2016, the Company allocated a fair value of $83,152 for common shares to be issued for consulting fees.

(Expressed in Canadian dollars)

7. Related Party Balances

Related Party Transactions

During the year ended December 31, 2016 and 2015, the Company entered into the following transactions with related parties:

	December 31, 2016	December 31, 2015
Revenue	$ -	$ 4,011
General and administration - rent	$ 28,000	$ -
Interest	$ 10,861	$ -
Management fees	$ 249,902	$ 38,624
Professional fees	$ 43,569	$ 12,000
Research and development	$ 138,000	$ -
Website expenses	$ -	$ 60,039

Related Party Balances

As of December 31, 2016, the Company had $203,711 (2015 - $16,848) due to related parties and is included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments.

Key Management Compensation

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

- $43,569 (2015 - $12,000) in professional fees to the Chief Financial Officer,
- $65,000 (2015 - $38,624) in management fees to the Chief Executive Officer; and
- $138,000 in research and development costs, $223,152 in management fees (100,000 common shares at a fair value of $140,000 (issued) and $83,152 which represents the fair value of common shares to be issued) to the Chief Operating Officer. The Company is also obligated to issue 100,000 stock options to the Chief Operating Officer, which have not been issued to December 31, 2016.

Related Party Loans

As of December 31, 2016, the Company has $698,581 (2015 - $104,921) in related party loans, which includes $10,861 (2015 - $Nil) in accrued interest. The related party loans are due on or before October 16, 2017 and are unsecured. Until June 4, 2016, the related party loans bore interest at 8% compounded semi-annually and 3% thereafter.

8. Operating Segments

The Company operates in one segment, which is the provision of online fantasy sports games and immersive fan experiences. All of the Company's assets are located in Canada.

The majority of the Company's revenue during the year ended December 31, 2016 was generated in Canada. During the year ended December 31, 2016, $485,235 (2015 – $Nil) revenue was from one contract relating to an interactive fan engagement project.

9. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of input tax credits and investment tax credits receivable from government institutions. During the year ended December 31, 2016, a majority of the Company's revenue was from one contract (note 8), there is a concentration risk from this significant customer. However, this customer does represent any of the Company's receivables. As a result, the Company is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

c) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

9. Financial Risk Management (continued)

e) Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. There were no financial instrument carried at fair value as at December 31, 2016 and 2015.

The Company's financial instruments consist of cash, other receivable, trade payables, player deposits and related party loans. The carrying value of these financial instruments approximates their fair values due to the short term nature of these instruments.

10. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company will require capital resources to carry its plans and operations through its current operating period.

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

There were no changes in the Company's approach to capital management during the year.

(Expressed in Canadian dollars)

11. Commitment

The Company signed a binding term sheet with Victory Square Labs Inc., a company related by a director in common, for a secured convertible note facility up to $10,000,000 (the "Convertible Note").

The Convertible Note, to be advanced in tranches, will consist of a series of secured convertible promissory notes (each, a "Note"), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement and interest on each Note will accrue at 6% per annum, compounded annually, and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company's present and subsequently acquired personal property pursuant to a general security agreement.

To December 31, 2016, the Company has not drawn any funds on the Convertible Note.

12. Income Taxes

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended December 31, 2016 and 2015.

	December 31, 2016	December 31, 2015
Loss before income tax	$ (2,717,070)	$ (691,391)
Tax rate	27%	26%
Expected income tax recovery	(732,580)	(179,762)
Increase (decrease) in income tax recovery resulting from:		
Non-deductible items	95,801	(15,289)
Foreign tax rate differences	8,147	(36,276)
Functional currency adjustments	19,214	(69,983)
Change in deferred tax asset not recognized	609,418	301,310
Total income tax expense (recovery)	$ -	$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at December 31, 2015 and December 31, 2014 are comprised of the following:

	December 31, 2016	December 31, 2015
Non-capital losses (Canada)	$ 2,418,090	$ 66,796
Net operating loss carryforwards (US)	966,113	277,012
Share issuance costs	38,581	13,375
Other	4,576	4,290
	3,427,360	361,473
Deferred tax asset not recognized	(3,427,360)	(361,473)
Deferrd tax asset (liability)	$ -	$ -

(Expressed in Canadian dollars)

12. Income Taxes (continued)

The Company has non-capital loss carryforwards which may be carried forward to apply against future year income tax subject to the final determination by taxation authorities, expiring in the following years:

Year of expiry	Canada	USA
2033	$ 1,000	$ 629,000
2034	21,000	114,000
2035	235,000	71,000
2036	2,161,000	152,000
Total	$ 2,418,000	$ 966,000