Fantasy 6 Sports Inc.

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited – prepared by Management)

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Fantasy 6 Sports Inc. is the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the condensed consolidated interim financial statements prior to their submission to the Board of Directors for approval.

Fantasy 6 Sports Inc.
Condensed consolidated interim unaudited statements of financial position
(Expressed in Canadian dollars)

	Note		March 31, 2017		December 31, 2016
ASSETS					
Current assets					
Cash		$	18,193	$	11,794
Prepaids			6,563		24,857
Other receivable			6,292		5,680
Government sales tax receivable			25,564		26,087
			56,612		68,418
Non-current assets					
Intangible assets	4		2,314,583		2,557,354
TOTAL ASSETS		**$**	**2,371,195**	**$**	**2,625,772**
LIABILITIES					
Current liabilities					
Trade payables	6	$	397,441	$	256,903
Accrued liabilties	6		139,873		208,250
Player deposits			15,668		15,854
Related party loans	6		925,389		698,581
TOTAL LIABILITIES			1,478,371		1,179,588
SHAREHOLDERS' EQUITY					
Share capital	5		4,866,312		4,866,212
Special warrants	5		-		-
Reserve	5		104,403		104,403
Accumulated other comprehensive income			59,043		57,963
Deficit			(4,136,934)		(3,582,394)
SHAREHOLDERS' EQUITY			**892,824**		**1,446,184**
TOTAL LIABILITIES AND SHARESHOLDERS' EQUITY		**$**	**2,371,195**	**$**	**2,625,772**

Nature of operations and going concern – Note 1

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 30, 2017.

Director: “Shafin Tejani” Director: “Sheri Rempel”

(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2017	Three months ended March 31, 2016
Revenue		$ 7,003	$ 3,669
Expenses			
Amortization	4	242,771	-
Foreign exchange loss (gain)		7	(300)
General and administration	6	18,427	15,207
Interest	6	6,452	-
Investor relations		2,000	-
Management fees	6	60,250	10,000
Professional fees	6	36,728	73,636
Research and development	4	73,100	-
Sales and marketing		38,683	44,891
Transfer agents and regulatory fees		12,403	-
Wages		70,722	12,058
Website expenses		-	21,314
Total expenses		(561,543)	(176,806)
Net loss for the period		(554,540)	(173,137)
Other comprehensive income (loss)			
Currency translation adjustment		1,080	11,971
Total comprehensive loss		**$ (553,460)**	**$ (161,166)**
Loss per share - basic and diluted		**$ (0.01)**	**$ (0.00)**
Weighted average shares outstanding - basic and diluted		**48,611,682**	**36,400,000**

See accompanying notes to the consolidated financial statements

(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, 2016		36,400,000	$ 741,553	$ 510,800	$ (15,342)	$ 21,251	$ (865,324)	$ 392,938
Currency translation adjustment		-	-	-	11,971	-	-	11,971
Net loss for the period		-	-	-	-	-	(173,137)	(173,137)
Balance at March 31, 2016		36,400,000	$ 741,553	$ 510,800	$ (3,371)	$ 21,251	$ (1,038,461)	$ 231,772
Balance January 1, 2017		48,611,639	$ 4,866,212	$ -	$ 57,963	$ 104,403	$ (3,582,394)	$ 1,446,184
Shares issued - warrants exercised for cash	5	500	100	-	-	-	-	100
Currency translation adjustment		-	-	-	1,080	-	-	1,080
Net loss for the period		-	-	-	-	-	(554,540)	(554,540)
Balance at March 31, 2017		**48,612,139**	**$ 4,866,312**	**$ -**	**$ 59,043**	**$ 104,403**	**$ (4,136,934)**	**$ 892,824**

See accompanying notes to the consolidated financial statements

Fantasy 6 Sports Inc.
Condensed consolidated interim unaudited statements of cash flows
(Presented in Canadian dollars)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Operating activities		
Net loss for the year	$ (554,540)	$ (173,137)
Adjustments for non-cash items:		
Amortization	242,771	-
Interest	4,790	-
Changes in non-cash working capital items:		
Other receivables	(612)	-
Prepaids	18,294	-
Government sales tax receivable	523	(3,542)
Trade payables	140,538	34,545
Accrued liabilities	(68,377)	6,250
Player deposits	(186)	(20,098)
Net cash flows used in operating activities	(216,799)	(155,982)
Investing activities		
Development of intangible asset	-	(26,795)
Net cash flows provided by (used in) investing activities	-	(26,795)
Financing activities		
Shares issued, net	100	-
Proceeds from shareholders loans	222,018	23,473
Net cash flows from financing activities	222,118	23,473
Effect of foreign exchange rate changes on cash	1,080	11,971
Change in cash	6,399	(147,333)
Cash, beginning	11,794	466,048
Cash, ending	**$ 18,193**	**$ 318,715**

See accompanying notes to the consolidated financial statements

1. Nature of Operations and Going Concern

Fantasy 6 Sports Inc. (formerly Davita Capital 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 condensed consolidated interim financial statements have been prepared on a 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 March 31, 2017, the Company had a working capital deficiency of $1,421,759 (2016 - $1,111,170) and a net loss of $554,540 (2016 - $3,582,394). 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. Statement of compliance and basis of preparation

These condensed consolidated interim unaudited financial statements were authorized for issue on May 30, 2017, by the directors of the Company.

Statement of compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2016.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2016.

Basis of Preparation

The condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(Expressed in Canadian dollars)

3. Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after March 31, 2017.

Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below.

The following standards, interpretations and amendments, which have not been applied in these condensed consolidated interim unaudited financial statements, may have an effect on the Company’s future consolidated financial statements. The Company is currently evaluating the potential impacts of 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, 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.

4. Intangible assets

Intangible assets are comprised of the following:

		FansUnite		Website development costs		Total
Balance, December 31, 2016	$	2,382,861	$	174,493	$	2,557,354
Amortization		(220,960)		(21,811)		(242,771)
Balance, March 31, 2017	$	2,161,901	$	152,682	$	2,314,583

FansUnite is an intangible asset acquired through acquisition. The benefit to the Company of acquiring FansUnite was the acquisition of its users. Amortization is being recognized 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 three months ended March 31, 2017, the Company incurred $73,100 (three months ended March 31, 2016 - $nil) in research and development costs with respect to these activities.

(Expressed in Canadian dollars)

5. Share Capital

Authorized share capital

Unlimited common shares without par value.

Issued share capital

At March 31, 2017, there were 48,612,139 issued and fully paid common shares (December 31, 2016 – 48,611,639).

During the three months ended March 31, 2017, 500 common shares were issued at $0.20 per share in connection with the exercise of warrants.

Warrants

The following table summarizes information about the issued and outstanding warrants as at March 31, 2017, and December 31, 2016:

	March 31, 2017			December 31, 2016		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance, beginning	723,301	$	0.19	10,962,000	$	0.15
Issued:						
Warrants	-		-			
Conversion of Special Warrants	-		-	(5,094,000)		-
Cancelled:						
Warrants	-		-	(7,000)		0.09
Special Warrants	-		-	(14,000)		0.09
Exercised	(500)		0.20	(5,123,699)		0.16
Balance, ending	722,801	$	0.19	723,301	$	0.19

The remaining weighted average contractual life of warrants outstanding is 0.50 years as at March 31, 2017.

Warrants are exercisable as follows:

Expiry date	Warrants		Exercise price
August 31, 2017	334,759	$	0.10
October 8, 2017	306,466	$	0.20
October 23, 2017	81,576	$	0.50

(Expressed in Canadian dollars)

6. Related party balances

Related party transactions

During the period ended March 31, 2017 and 2016, the Company entered into the following transactions with related parties:

		March 31, 2017		March 31, 2016
General and administration - rent	$	16,800	$	-
Interest	$	5,582	$	-
Management fees	$	60,250	$	10,000
Professional fees	$	15,750	$	9,000
Sales and marketing	$	-	$	18,000

Related party balances

As at March 31, 2017, the Company had $287,862 (2016 - $203,711) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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:

- $15,750 (2016 - $9,000) in professional fees, to a company controlled the Chief Financial Officer, for full cycle bookkeeping, corporate secretarial and CFO services,
- $32,500 (2016 - $10,000) in management fees to the Chief Executive Officer and,
- $27,750 (2016 - $nil) in management fees to the Chief Operation Officer.

Related party loans

As at March 31, 2017, the Company has $925,389 (2016 - $698,581) in related party loans, which includes $16,395 (2016 - $10,861) 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.

7. 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.

8. 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. 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 and cash equivalents.

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.

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 different levels for valuation of financial instruments carried at fair value have been defined as follows:

8. Financial Risk Management (continued)

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 instruments carried at fair value as at March 31, 2017 and December 31, 2016.

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.

9. 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.

There were no changes in the Company's approach to capital management during the period ended March 31, 2017.

10. 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. 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.

As of March 31, 2017, the Company has not drawn any funds on the Convertible Note.