GLOBAL DAILY FANTASY SPORTS INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Global Daily Fantasy Sports Inc.

We have audited the accompanying consolidated financial statements of Global Daily Fantasy Sports Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2017 and December 31, 2016, 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 audits. We conducted our audits 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 audits 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 Global Daily Fantasy Sports Inc. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

"D&H Group LLP"

Vancouver, B.C.
April 26, 2018

Chartered Professional Accountants

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2017 $	December 31, 2016 $
ASSETS			
Current assets			
Cash		2,296,236	5,824,829
Amounts receivable		6,753	5,181
GST/VAT receivables		42,826	47,123
Prepaids		67,730	104,215
Total current assets		2,413,545	5,981,348
Non-current assets			
Property, plant and equipment	4	18,069	21,428
Intangible assets	5	3,550,960	1,344,015
Total non-current assets		3,569,029	1,365,443
TOTAL ASSETS		5,982,574	7,346,791
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	634,700	242,201
Purchase obligation payable	5(c)	36,215	-
TOTAL LIABILITIES		670,915	242,201
SHAREHOLDERS' EQUITY			
Share capital	6	17,752,845	17,686,507
Share-based payments reserve		1,014,404	638,124
Deficit		(13,455,590)	(11,220,041)
TOTAL SHAREHOLDERS' EQUITY		5,311,659	7,104,590
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,982,574	7,346,791

Nature of operations - Note 1

Commitments - Notes 5 and 11

Subsequent events - Note 12

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 26, 2018 and are signed on its behalf by:

/s/ Darcy Krogh	*/s/ Nick De Mare*
Darcy Krogh	Nick De Mare
Director	Director

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

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended December 31, 2017 $	2016 $
Revenue		45,929	-
Expenses			
Accounting and administration	8(b)	74,065	59,416
Audit		21,930	17,632
Corporate development		8,224	6,955
Data access fees		234,526	-
Depreciation	4	4,810	1,975
Intangible amortization	5	48,426	-
Investment conference		6,495	5,559
Legal		131,944	112,564
Licenses		43,717	-
Management and director compensation	8(a)	498,100	235,500
Office		50,107	60,178
Professional and technical support fees		261,043	97,495
Regulatory		-	27,144
Rent		89,331	44,387
Salaries and benefits		342,826	54,719
Share-based compensation		376,280	-
Shareholder costs		17,538	3,851
Sponsorship		-	3,998
Transfer agent		6,646	11,519
Travel and related		105,010	99,754
Website design and maintenance		-	10,882
		2,321,018	853,528
Loss before other items		(2,275,089)	(853,528)
Other items			
Interest income		45,216	19,605
Foreign exchange (loss) gain		(5,676)	(12,617)
		39,540	6,988
Comprehensive loss for the year		(2,235,549)	(846,540)
Basic and diluted loss per common share		$(0.05)	$(0.02)
Basic and diluted weighted average number of common shares outstanding		47,426,293	46,489,779

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

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at December 31, 2016	47,260,447	17,686,507	638,124	(11,220,041)	7,104,590
Common shares issued for:					
Finder's fee	165,846	66,338	-	-	66,338
Share-based compensation	-	-	376,280	-	376,280
Net loss for the year	-	-	-	(2,235,549)	(2,235,549)
Balance at December 31, 2017	47,426,293	17,752,845	1,014,404	(13,455,590)	5,311,659

	Year Ended December 31, 2016				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at December 31, 2015	12,260,447	9,869,945	638,124	(10,373,501)	134,568
Common shares issued for:					
Private placements	35,000,000	8,000,000	-	-	8,000,000
Share issue costs	-	(184,438)	-	-	(183,438)
Net loss for the year	-	-	-	(846,540)	(846,540)
Balance at December 31, 2016	47,260,447	17,686,507	638,124	(11,220,041)	7,104,590

GLOBAL DAILY FANTASY SPORTS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017 $	2016 $
Operating activities		
Net loss for the period	(2,235,549)	(846,540)
Adjustments for:		
Depreciation	4,810	1,975
Intangible asset amortization	48,426	-
Share-based compensation	376,280	-
Changes in non-cash working capital items:		
Amounts receivable	(1,572)	(5,181)
GST/VAT receivables	4,297	(46,618)
Prepaids	36,485	(103,971)
Accounts payable and accrued liabilities	51,178	137,026
Net cash used in operating activities	(1,715,645)	(863,309)
Investing activities		
Equipment	(1,451)	(23,403)
Intangible assets	(1,811,497)	(1,344,015)
Net cash used in investing activities	(1,812,948)	(1,367,418)
Financing activities		
Issuance of common shares	-	8,000,000
Share issue costs	-	(117,100)
Net cash provided by financing activities	-	7,882,900
Net change in cash	(3,528,593)	5,652,173
Cash at beginning of year	5,824,829	172,656
Cash at end of year	2,296,236	5,824,829

Supplemental cash flow information - Note 10

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

1. Nature of Operations

The Company was incorporated on December 2, 1985 under the provisions of the Company Act (British Columbia). On June 17, 2016 the Company changed its name from Lariat Energy Ltd. to Global Daily Fantasy Sports Inc. The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "DFS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company's past principal business activity was the acquisition, exploration and development of petroleum and natural gas interests. Effective December 31, 2015 the Company disposed of its remaining petroleum and natural gas interests and commenced searching for other business opportunities.

On March 16, 2016 the Company announced its intention to change its business and transition to the online daily fantasy sports ("DFS") industry as a business to business technology provider of DFS software, which will allow its customers the ability to offer a customized and fully-branded DFS product to their clients. On August 17, 2016 the Company received TSXV approval to the change of business. See also Note 5.

The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to secure or raise when required on terms acceptable to the Company or at all. During fiscal 2016 the Company raised $8,000,000 through the sale of its common shares and, as at December 31, 2017, had working capital in the amount of $1,742,630, (2016 - $5,739,147). Management considers that with the planned fundraising, assuming that it is successful, that it will have adequate funding to successfully develop its on-line gaming platform and necessary infrastructure and establish future profitable operations. However, the Company recognizes the Company's objectives and scope of expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. If for any reason the Company is unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the consolidated financial statements.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements are audited and have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company as at December 31, 2017 are as follows:

Company	Location of Incorporation	Ownership Interest
GDFSI Malta Holding Limited	Malta	100%
GDFSI Malta Limited	Malta	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following are critical judgments and estimations that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management uses judgment in estimating the recoverable values of the Company's cash generating units ("CGUs") and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment.

(iii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iv) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(v) The valuation of share options involves key estimates such as volatility, forfeiture rates, estimated lives and market rates.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at December 31, 2017 and 2016 the Company did not have any cash equivalents.

3. Summary of Significant Accounting Policies (continued)

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of between 25% and 30% for office furniture and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive income or loss.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Intangible Assets

Intangible assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Intangible assets consists of licenses and costs incurred to develop software platforms and internet websites and mobile phone applications to promote, advertise and earn revenue with respect to the Company's business operations. Costs are capitalized when the expenditure can be directly attributed or allocated on a reasonable and consistent basis, and was incurred for its intended use in accordance with IFRS, and in accordance with IAS 38, *Intangible Assets*, as issued by the IASB. Content developed for advertising or promoting is recognized as an expense when incurred. Amortization is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. Summary of Significant Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the consolidated statement of comprehensive loss.

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that it may be impaired:

(i) an intangible asset with an indefinite useful life; and
(ii) an intangible asset not yet available for use.

The recoverable amount of an asset or CGU is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCS"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

In respect of assets other than intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed in a subsequent period when there has been an increase in the recoverable amount of a previously impaired asset or CGU. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss ("FVTPL") are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At December 31, 2017 and 2016 the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities and purchase obligation payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At December 31, 2017 and 2016 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

3. Summary of Significant Accounting Policies (continued)

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. Summary of Significant Accounting Policies (continued)

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share earnings. The Company computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average prices.

Revenue Recognition

Revenue is recognized only when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3. Summary of Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

As at the date of these consolidated financial statements, the following standards have not been applied in these financial statements:

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted.

(ii) IFRS 15, *Revenue from Contracts with Customers*, outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

(iii) IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard 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. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

Management has assessed the impact of these new standards on the Company's accounting policies and consolidated financial statement presentation, and has found that no changes are required.

(Expressed in Canadian Dollars)

4. Property, Plant and Equipment

	Office Furniture and Equipment $
Cost:	
Balance at December 31, 2015	-
Additions	23,403
Balance at December 31, 2016	23,403
Additions	1,451
Balance at December 31, 2017	24,854
Accumulated Depreciation:	
Balance at December 31, 2015	-
Depreciation	1,975
Balance at December 31, 2016	1,975
Depreciation	4,810
Balance at December 31, 2017	6,785
Carrying Value:	
Balance at December 31, 2016	21,428
Balance at December 31, 2017	18,069

(Expressed in Canadian Dollars)

5. Intangible Assets

Cost	**Bellwether Agreement (a)**	**NYX Agreement (b)**	**Other Internal Developed Software**	**Mondogoal (c)**	**Total**
$	**$**	**$**	**$**	**$**	**$**
Balance at December 31, 2015	-	-	-	-	-
Additions	926,016	322,663	95,336	-	1,344,015
Balance at December 31, 2016	926,016	322,663	95,336	-	1,344,015
Additions	1,221,956	-	662,245	371,170	2,255,371
Balance at December 31, 2017	2,147,972	322,663	757,581	371,170	3,599,386
Accumulated Depreciation					
Balance at December 31, 2015	-	-	-	-	-
Depreciation	-	-	-	-	-
Balance at December 31, 2016	-	-	-	-	-
Depreciation	35,800	-	12,626	-	48,426
Balance at December 31, 2017	35,800	-	12,626	-	48,426
Carrying Value					
Balance at December 31, 2016	926,016	322,663	95,336	-	1,344,015
Balance at December 31, 2017	2,112,172	322,663	744,955	371,170	3,550,960

(a) On May 12, 2016 the Company entered into an agreement (the "Bellwether Agreement") with Bellwether Technologies, Inc. ("Bellwether"), a privately owned Nevada corporation, pursuant to which Bellwether:

(i) granted the Company a perpetual license for a software platform license (the "Bellwether Platform License");
(ii) agreed to develop a proprietary software system (the "DFS Product"); and
(iii) agreed to provide maintenance and support of the Bellwether Platform License and DFS Product (the "Bellwether Support") for a two year period until May 2018.

In consideration for the Bellwether Platform License, the Company agreed to pay Bellwether a one-time license fee of US $400,000, of which US $150,000 ($194,685) was paid on May 26, 2016 and US $250,000 was due upon the completion and sign-off by the Company of the Phase III - Beta Testing of the DFS Product and receipt of all documentation of the DFS Product and Bellwether Platform License, this was paid in January 2018. As at December 31, 2017 the Company has paid Bellwether development fees totaling $2,112,172 in connection with the development of the DFS Product.

(b) On May 31, 2016 the Company entered into an agreement (the "NYX Agreement") with NYX Digital Gaming (USA), LLC ("NYX"), a wholly-owned subsidiary of NYX Gaming Group Limited, to establish a strategic relationship with NYX to develop and distribute the DFS Product on NYX's proprietary suite of software files (the "OGS Platform") to NYX clients as follows:

(i) the Company and NYX will co-operate in the development of the DFS Product;

5. Intangible Assets (continued)

(ii) NYX granted the Company an exclusive, irrevocable, non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide right to distribute the DFS Product on the OGS network (the "Network Distribution Rights");

(iii) NYX granted the Company an exclusive, irrevocable, non sub-licensable and non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide licence to use and exploit the OGS Platform and to use, display, install, copy and create derivative works or otherwise exploit the OGS Platform in connection with the distribution of the DFS Product on the OGS network (the "OGS Licence"); and

(iv) NYX agreed to offer and promote the DFS Product to its current and future customer base as its sole daily fantasy sports solution and to use its sales and marketing teams to maximize commercial exploitation of the DFS Product throughout the OGS network.

In consideration for the Network Distribution Rights and the OGS Licence, the Company paid NYX $159,488 (US $125,000) on April 12, 2016 and, on August 5, 2016, made a further payment of $163,175 (US $125,000).

The Company must also make a payment of US $250,000 to NYX upon the commercial launch of the DFS Product on the OGS Platform and the OGS network (the "Commercial Launch").

In addition, the Company will pay to NYX a monthly royalty (the "DFS Royalty"), comprising the greater of:

(i) 30% net gaming revenue earned from the use of the OGS Platform and OGS network to distribute the DFS Product; or

(ii) minimum royalty of US $5,000 per month for the first 24 months, and US $10,000 thereafter.

The Company's obligation to remit the applicable DFS Royalty will begin 30 days after the Commercial Launch. The term of the NYX Agreement is five years from the Commercial Launch, which initial term may be renewed by the Company on written notice to NYX for an additional five year period.

(c) Effective May 11, 2017 the Company entered into an asset purchase agreement (the "Mondogoal Purchase") with Mondogoal Limited ("Mondogoal") whereby the Company purchased Mondogoal's operating assets, comprising of software and documentation, client database, trademarks and domain names (the "Purchased Assets") for DFS operations in Italy. The purchase price for the Purchased Assets is:

(i) US $275,000 ($371,170), of which the Company has paid $335,696 and $36,215 remained outstanding as at December 31, 2017; and

(ii) issuance of common shares of the Company (the "Earn-out Shares"), the number of which will be determined on the anniversary of each of the next three years, having a value equal to the net gaming revenues derived from the Purchased Assets, and subject to a maximum of US $300,000 in Earn-out Shares.

All share issuances are subject to TSXV approvals.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

(Expressed in Canadian Dollars)

6. Share Capital (continued)

During fiscal 2016 the Company:

(i) completed a non-brokered private placement of 20,000,000 units, at a price of $0.10 per unit for proceeds of $2,000,000. Each unit consisted of one common share of the Company and one quarter of one non-transferable warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of $0.15 per share for a period of 24 months after the closing.

Directors, officers and close family members purchased 8,410,000 units for $841,000; and

(ii) completed a non-brokered private placement financing of 15,000,000 units, at a price of $0.40 per unit for proceeds of $6,000,000. Each unit consisted of one common share of the Company and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase an additional common share for a period of 24 months after closing, at an exercise price of $0.75 per share for the initial 12 months after the closing and, thereafter, at an exercise price of $1.00 per share.

The Company incurred a finder's fee of $132,676. Subsequent to December 31, 2016 the Company paid the finder's fee by paying $66,338 cash and issuing 165,846 common shares.

A director of the Company purchased 62,500 units for $25,000.

The Company incurred a total of $50,762 for legal and filing costs associated with these private placements.

No equity financings were conducted by the Company during fiscal 2017.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2017 and 2016, and the changes for the years ended on those dates is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	12,500,000	0.51	-	-
Issued	-	-	12,500,000	0.51
Balance, end of year	12,500,000	0.51	12,500,000	0.51

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2017:

Number	Exercise Price $	Expiry Date
3,797,500	0.15	July 15, 2018
1,202,500	0.15	August 9, 2018
5,157,583	0.75 / 1.00	September 16, 2017 / 2018
276,750	0.75 / 1.00	September 20, 2017 / 2018
773,125	0.75 / 1.00	September 29, 2017 / 2018
917,542	0.75 / 1.00	October 18, 2017 / 2018
57,500	0.75 / 1.00	October 26, 2017 / 2018
317,500	0.75 / 1.00	November 28, 2017 / 2018
12,500,000		

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV.

The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

During the twelve months ended December 31, 2017 the Company granted share options to purchase 3,025,000 common shares and recorded compensation expense of $376,280. The fair value of the share options granted was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.407%; estimated volatility of 100.9679%; expected life of three years; expected dividend yield of 0%; estimated forfeiture rate of 0%. The share options are subject to vesting provisions and will vest over three years.

The weighted average fair value of the share options granted during the twelve months ended December 31, 2017 was $0.48 per option.

No share options were granted during the twelve months ended December 31, 2016.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at December 31, 2017 and 2016 and the changes for the twelve months ended on those dates, is as follows:

	2017		2016	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of period	-	-	-	-
Granted	3,025,000	0.48	-	-
Balance, end of period	3,025,000	0.48	-	-

The following table summarizes information about the share options outstanding and exercisable at December 31 2017:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
3,025,000	483,332	0.48	September 12, 2022

(Expressed in Canadian Dollars)

7. Income Tax

Deferred income tax assets and liabilities of the Company as at December 31, 2017 and 2016 are as follows:

	2017 $	2016 $
Deferred income tax assets		
Non-capital losses	1,144,500	558,900
Capital losses	856,900	856,900
Other	80,900	90,400
	2,082,300	1,506,200
Valuation allowance	(2,082,300)	(1,506,200)
Net deferred income tax asset	-	-

The reconciliation of the combined statutory income tax rates to the effective tax rate for fiscal 2017 and 2016 is as follows:

	2017 $	2016 $
Combined statutory tax rates	26.0%	26.0%

	2017 $	2016 $
Expected income tax recovery	(581,200)	(220,100)
Foreign income tax rate differences	(93,300)	11,500
Non-deductible expenditures	99,300	-
Other	(900)	(9,100)
Unrecognized benefit of income tax losses	576,100	217,700
Actual income tax recovery	-	-

As at December 31, 2017 the Company has non-capital losses of approximately $2,745,389 (2016 - $1,993,500), capital losses of approximately $6,591,600 (2016 - $6,591,600) and accumulated pools of approximately $318,714 (2016 - $355,400) for Canadian income tax purposes to offset against future income. The non-capital losses expire commencing 2026 to 2037. The Company also has non-capital losses of approximately $1,155,886 (2016 - $115,900) for Maltese income tax purposes.

The potential income tax benefits relating to these items have not been recognized in the financial statements as their realization is not considered probable under the liability method of tax allocation. Accordingly, no deferred income tax assets have been recognized on account of these losses.

8. Related Party Disclosures

Transactions with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) *Transactions with Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

During fiscal 2017 the Company incurred $672,100 (2016 - $235,000) for compensation to directors and officers and/or their related companies. As at December 31, 2017, $93,078 (2016 - $22,500) remained unpaid and has been included in accounts payable and accrued liabilities. Of these fees $174,000 (2016 - $nil) has been capitalized under intangible assets as the fees were incurred directly for intangible asset development.

(b) *Transactions with Other Related Parties*

During fiscal 2017 the Company was charged $47,500 (2016 - $55,100) by Chase Management Ltd. ("Chase"), a private corporation owned by a director, for accounting and administration services provided by Chase personnel, excluding the director. As at December 31, 2017, $7,080 (2016 - $9,600) remained unpaid and has been included in accounts payable and accrued liabilities.

See also Note 6(b).

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	**Category**	**December 31, 2017 $**	**December 31, 2016 $**
Cash	FVTPL	2,296,236	5,824,829
Amounts receivable	Loans and receivables	6,753	5,181
Accounts payable and accrued liabilities	Other liabilities	(634,700)	(242,201)
Purchase obligation payable	Other liabilities	(36,215)	-

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, amounts receivable, accounts payable and accrued liabilities and purchase obligation payable approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

(Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at December 31, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,296,236	-	-	-	2,296,236
Amounts receivable	6,753	-	-	-	6,753
Accounts payable and accrued liabilities	(634,700)	-	-	-	(634,700)
Purchase obligation payable	(36,215)	-	-	-	(36,215)

	Contractual Maturity Analysis at December 31, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	5,824,829	-	-	-	5,824,829
Amounts receivable	5,181	-	-	-	5,181
Accounts payable and accrued liabilities	(242,201)	-	-	-	(242,201)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Regulatory Risk

The Company is exposed to risk due to the regulatory uncertainty of the DFS industry and online gaming activities. The industry is currently unregulated. The Company is unable to predict whether regulations will be introduced in the future.

(Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Capital Management

The Company does not have any externally imposed regulatory capital requirements for managing capital. The Company has defined its capital to mean working capital and shareholders equity, as determined at each reporting date. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing.

10. Supplemental Cash Flow Information

During the twelve months ended December 31, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 **$**	**2016** **$**
Operating activities		
Accounts payable and accrued liabilities	341,321	66,338
Purchase obligation payable	36,215	-
	377,536	66,338
Investing activities		
Intangible assets	(443,874)	-
Financing activities		
Issuance of common shares	66,338	-
Share issue costs	-	(66,338)
	66,338	(66,338)

11. Commitments

The Company has lease commitments for office space in Toronto, Canada and Valletta, Malta. The Company also has entered into a license agreement whereby it has agreed to pay monthly fees for access to real-time sports data feed and content.

Estimated contractual payments are as follows:

	2018 **$**	**2019 - 2020** **$**	**Total** **$**
Office rent	90,285	50,552	140,837
Data license	89,666	52,247	141,913
	179,951	102,799	282,750

See also Note 5.

12. Subsequent events

The Company granted 200,000 incentive share options on April 18, 2018, at a price of $0.35 per share for a period of two years.