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**GLOBAL DAILY FANTASY SPORTS INC.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**GLOBAL DAILY FANTASY SPORTS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

|   | Notes | September 30,<br>2017<br>\$ | December 31,<br>2016<br>\$ |
|---|-------|-----------------------------|----------------------------|
| <b>ASSETS</b>                                     |       |                             |                            |
| <b>Current assets</b>                             |       |                             |                            |
| Cash  |       | 3,261,218                   | 5,824,829                  |
| Amounts receivable                                |       | 35,259                      | 5,181                      |
| GST/VAT receivable                                |       | 50,651                      | 47,123                     |
| Prepays   |       | <u>59,562</u>               | <u>104,215</u>             |
| <b>Total current assets</b>                       |       | <u>3,406,690</u>            | <u>5,981,348</u>           |
| <b>Non-current assets</b>                         |       |                             |                            |
| Property, plant and equipment                     | 4     | 18,317                      | 21,428                     |
| Intangible assets                                 | 5     | <u>2,806,158</u>            | <u>1,344,015</u>           |
| <b>Total non-current assets</b>                   |       | <u>2,824,475</u>            | <u>1,365,443</u>           |
| <b>TOTAL ASSETS</b>                               |       | <u><b>6,231,165</b></u>     | <u><b>7,346,791</b></u>    |
| <b>LIABILITIES</b>                                |       |                             |                            |
| <b>Current liabilities</b>                        |       |                             |                            |
| Accounts payable and accrued liabilities          | 7     | 390,520                     | 242,201                    |
| Purchase obligation payable                       | 5(c)  | <u>35,554</u>               | <u>-</u>                   |
| <b>TOTAL LIABILITIES</b>                          |       | <u><b>426,074</b></u>       | <u><b>242,201</b></u>      |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                             |                            |
| Share capital                                     | 6     | 17,752,845                  | 17,686,507                 |
| Share-based payments reserve                      |       | 853,804                     | 638,124                    |
| Deficit   |       | <u>(12,801,558)</u>         | <u>(11,220,041)</u>        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |       | <u><b>5,805,091</b></u>     | <u><b>7,104,590</b></u>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <u><b>6,231,165</b></u>     | <u><b>7,346,791</b></u>    |

**Commitments** - Notes 5 and 10

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2017 and are signed on its behalf by:

/s/ Darcy Krogh  
Darcy Krogh  
Director

/s/ Nick De Mare  
Nick De Mare  
Director

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

**GLOBAL DAILY FANTASY SPORTS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

|   | Note | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|---|------|-------------------------------------|-------------------|------------------------------------|-------------------|
|   |      | 2017<br>\$                          | 2016<br>\$        | 2017<br>\$                         | 2016<br>\$        |
| <b>Revenue</b>  |      | 36,039                              | -                 | 36,039                             | -                 |
| <b>Expenses</b>   |      |                                     |                   |                                    |                   |
| Accounting and administration                               | 7(b) | 16,458                              | 20,500            | 57,047                             | 38,600            |
| Audit   |      | -                                   | -                 | 21,930                             | 17,632            |
| Corporate development                                       |      | 229                                 | -                 | 8,224                              | -                 |
| Cloud services and data access fees                         |      | 66,945                              | -                 | 151,113                            | -                 |
| Depreciation  | 3    | 1,620                               | 806               | 4,664                              | 806               |
| Investment conference                                       |      | -                                   | 5,559             | 6,495                              | 5,559             |
| Legal   |      | 26,897                              | 23,470            | 123,723                            | 103,964           |
| License fees  |      | (14,313)                            | -                 | -                                  | -                 |
| Management and director compensation                        | 7(a) | 86,470                              | 66,000            | 357,870                            | 123,000           |
| Office  |      | 18,127                              | 11,363            | 52,412                             | 19,074            |
| Professional and technical support fees                     |      | 3,559                               | 11,558            | 186,843                            | 15,558            |
| Regulatory  |      | -                                   | 1,433             | -                                  | 19,900            |
| Rent  |      | 31,262                              | 15,493            | 88,305                             | 16,593            |
| Salaries and benefits                                       |      | 86,097                              | -                 | 259,578                            | -                 |
| Share-based payments  |      | 215,680                             | -                 | 215,680                            | -                 |
| Shareholder costs   |      | 5,993                               | 2,014             | 13,219                             | 2,950             |
| Sponsorship   |      | -                                   | 3,998             | -                                  | 3,998             |
| Transfer agent  |      | 2,990                               | 4,304             | 5,629                              | 8,232             |
| Travel and related  |      | 30,273                              | 39,368            | 91,491                             | 61,170            |
| Website design and maintenance                              |      | -                                   | 10,882            | -                                  | 10,882            |
| <b>Total expenses</b>                                       |      | <b>578,287</b>                      | <b>216,748</b>    | <b>1,644,223</b>                   | <b>447,918</b>    |
| <b>Loss before other items</b>                              |      | <b>(542,248)</b>                    | <b>(216,748)</b>  | <b>(1,608,184)</b>                 | <b>(447,918)</b>  |
| <b>Other items</b>  |      |                                     |                   |                                    |                   |
| Interest and other income                                   |      | 9,505                               | 4,047             | 35,447                             | 5,837             |
| Foreign exchange  |      | (1,422)                             | (238)             | (8,780)                            | (7,854)           |
| <b>Total other items</b>                                    |      | <b>8,083</b>                        | <b>3,809</b>      | <b>26,667</b>                      | <b>(2,017)</b>    |
| <b>Comprehensive loss for the period</b>                    |      | <b>(534,165)</b>                    | <b>(212,939)</b>  | <b>(1,581,517)</b>                 | <b>(449,935)</b>  |
| <b>Basic and diluted loss per common share</b>              |      | <b>\$(0.01)</b>                     | <b>\$(0.01)</b>   | <b>\$(0.03)</b>                    | <b>\$(0.02)</b>   |
| <b>Weighted average number of common shares outstanding</b> |      | <b>47,426,293</b>                   | <b>29,812,334</b> | <b>47,420,157</b>                  | <b>18,173,369</b> |

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

**GLOBAL DAILY FANTASY SPORTS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

|                                      | Nine Months Ended September 30, 2017 |                   |  |                     |                       |
|--------------------------------------|--------------------------------------|-------------------|--|---------------------|-----------------------|
|                                      | Share Capital                        |                   | Share-Based<br>Payments<br>Reserve<br>\$ | Deficit<br>\$       | Total<br>Equity<br>\$ |
|                                      | Number of<br>Shares                  | Amount<br>\$      |  |                     |                       |
| <b>Balance at December 31, 2016</b>  | <b>47,260,447</b>                    | <b>17,686,507</b> | <b>638,124</b>                           | <b>(11,220,041)</b> | <b>7,104,590</b>      |
| Common shares issued for:            |                                      |                   |  |                     |                       |
| - finder's fees                      | 165,846                              | 66,338            | -  | -                   | 66,338                |
| Share-based payments                 | -                                    | -                 | 215,680                                  | -                   | 215,680               |
| Net loss for the period              | -                                    | -                 | -  | (1,581,517)         | (1,581,517)           |
| <b>Balance at September 30, 2017</b> | <b>47,426,293</b>                    | <b>17,752,845</b> | <b>853,804</b>                           | <b>(12,801,558)</b> | <b>5,805,091</b>      |

  

|                                      | Nine Months Ended September 30, 2016 |                   |  |                     |                       |
|--------------------------------------|--------------------------------------|-------------------|--|---------------------|-----------------------|
|                                      | Share Capital                        |                   | Share-Based<br>Payments<br>Reserve<br>\$ | Deficit<br>\$       | Total<br>Equity<br>\$ |
|                                      | Number of<br>Shares                  | Amount<br>\$      |  |                     |                       |
| <b>Balance at December 31, 2015</b>  | <b>12,260,447</b>                    | <b>9,869,945</b>  | <b>638,124</b>                           | <b>(10,373,501)</b> | <b>134,568</b>        |
| Common shares issued for:            |                                      |                   |  |                     |                       |
| - private placements                 | 32,464,915                           | 6,985,966         | -  | -                   | 6,985,966             |
| Share issue costs                    | -                                    | (141,162)         | -  | -                   | (141,162)             |
| Net loss for the period              | -                                    | -                 | -  | (449,935)           | (449,935)             |
| <b>Balance at September 31, 2016</b> | <b>44,725,362</b>                    | <b>16,714,749</b> | <b>638,124</b>                           | <b>(10,823,436)</b> | <b>6,529,437</b>      |

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

**GLOBAL DAILY FANTASY SPORTS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

|  | Nine Months Ended<br>September 30, |                           |
|--|------------------------------------|---------------------------|
|  | 2017                               | 2016                      |
|  | \$                                 | \$                        |
| <b>Operating activities</b>                      |                                    |                           |
| Net loss for the period                          | (1,581,517)                        | (449,935)                 |
| Adjustments for:                                 |                                    |                           |
| Depreciation                                     | 4,664                              | 806                       |
| Share based compensation                         | 215,680                            | -                         |
| Changes in non-cash working capital items:       |                                    |                           |
| Amounts receivable                               | (30,078)                           | -                         |
| GST/VAT receivables                              | (3,528)                            | (27,751)                  |
| Prepays  | 44,653                             | (108,287)                 |
| Accounts payable and accrued liabilities         | 214,657                            | 79,110                    |
| <b>Net cash used in operating activities</b>     | <b><u>(1,135,469)</u></b>          | <b><u>(506,057)</u></b>   |
| <b>Investing activities</b>                      |                                    |                           |
| Equipment  | (1,553)                            | (16,112)                  |
| Intangible assets                                | (1,426,589)                        | (1,013,030)               |
| <b>Net cash used in investing activities</b>     | <b><u>(1,428,142)</u></b>          | <b><u>(1,029,142)</u></b> |
| <b>Financing activities</b>                      |                                    |                           |
| Issuance of common shares                        | -                                  | 6,985,966                 |
| Share issue costs                                | -                                  | (49,762)                  |
| <b>Net cash provided by financing activities</b> | <b><u>-</u></b>                    | <b><u>6,936,204</u></b>   |
| <b>Net change in cash</b>                        | <b>(2,563,611)</b>                 | <b>5,401,005</b>          |
| <b>Cash at beginning of period</b>               | <b><u>5,824,829</u></b>            | <b><u>172,656</u></b>     |
| <b>Cash at end of period</b>                     | <b><u>3,261,218</u></b>            | <b><u>5,573,661</u></b>   |

**Supplemental cash flow information** - Note 9

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

**GLOBAL DAILY FANTASY SPORTS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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 its common shares are 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.

As at September 30, 2017 the Company had working capital in the amount of \$2,980,616. These condensed consolidated interim financial statements have been prepared on a 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 operations for the foreseeable future. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers that the Company has adequate resources 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 financings 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 condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to September 30, 2017.

**2. Basis of Preparation**

*Statement of Compliance*

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s financial statements for the year ended December 31, 2016.

*Basis of Measurement*

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

**3. Subsidiaries**

The subsidiaries of the Company are as follows:

| <u>Company</u>              | <u>Incorporation Date</u> | <u>Location of Incorporation</u> | <u>Ownership Interest</u> |
|-----------------------------|---------------------------|----------------------------------|---------------------------|
| GDFSI Malta Holding Limited | August 30, 2016           | Malta                            | 100%                      |
| GDFSI Malta Limited         | August 30, 2016           | Malta                            | 100%                      |

**GLOBAL DAILY FANTASY SPORTS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

**4. Property, Plant and Equipment**

|                                  | Office Furniture<br>and<br>Equipment<br>\$ |
|----------------------------------|--|
| <b>Cost:</b>                     |  |
| Balance at December 31, 2015     | -  |
| Additions                        | <u>23,403</u>                              |
| Balance at December 31, 2016     | <u>23,403</u>                              |
| Additions                        | 1,553                                      |
| Balance at September 30, 2017    | <u>24,956</u>                              |
| <b>Accumulated Depreciation:</b> |  |
| Balance at December 31, 2015     | -  |
| Depreciation                     | <u>1,975</u>                               |
| Balance at December 31, 2016     | 1,975                                      |
| Depreciation                     | <u>4,664</u>                               |
| Balance at September 30, 2016    | <u>6,639</u>                               |
| <b>Carrying Value:</b>           |  |
| Balance at December 31, 2016     | <u>21,428</u>                              |
| Balance at September 30, 2017    | <u>18,317</u>                              |

**5. Intangible Assets**

|                               | September 30,<br>2017<br>\$ | December 31,<br>2016<br>\$ |
|-------------------------------|-----------------------------|----------------------------|
| Bellwether Agreement (a)      | 1,585,467                   | 926,016                    |
| NYX Agreement (b)             | 322,662                     | 322,663                    |
| Mondogoal Purchase Assets (c) | 371,006                     | -                          |
| Deferred Development Costs    | 512,691                     | 95,336                     |
| Gambling Licenses             | <u>14,332</u>               | -                          |
|                               | <u>2,806,158</u>            | <u>1,344,015</u>           |

- (a) On May 12, 2016, as amended August 10, 2017, 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"); and
  - (ii) agreed to develop a proprietary software (the "DFS Product"); and
  - (iii) agreed to provide maintenance and support of the Bellwether Platform License and DFS Product (the "Bellwether Support").

The Company has agreed to pay Bellwether a fee of US \$400,000 for the Bellwether Platform License, of which \$194,685 (US \$150,000) was paid and a further US \$250,000 is payable upon the completion and sign-off by the Company of the Phase III - Beta Testing of the DFS Product and receipt of all documentation on the DFS Product and Bellwether Platform License. The Company has also agreed to pay Bellwether for the development of the DFS Product. As of September 30, 2017 the Company has paid Bellwether development fees totalling \$1,585,467 (US \$1,222,881) in connection with the development of the DFS Product.

**GLOBAL DAILY FANTASY SPORTS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
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- (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; and
  - (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”); and
  - (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 has paid NYX a total of \$322,663 (US \$250,000). 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 (\$371,250), of which the Company has paid \$335,696 and \$35,554 remained outstanding as at September 30, 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.

**GLOBAL DAILY FANTASY SPORTS INC.**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
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(b) *Equity Financings*

No equity financings were completed by the Company during the nine months ended September 30, 2017.

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, which remained unpaid at December 31, 2016 and was included in accounts payable and accrued liabilities. 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.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2017 and 2016, and the changes for the nine months ended on those dates is as follows:

|                              | 2017              |   | 2016              |   |
|------------------------------|-------------------|---|-------------------|---|
|                              | Number            | Weighted<br>Average<br>Exercise Price<br>\$ | Number            | Weighted<br>Average<br>Exercise Price<br>\$ |
| Balance, beginning of period | 12,500,000        | 0.51  |                   | -   |
| Issued                       | -                 | -   | <u>11,232,458</u> | 0.48  |
| Balance, end of period       | <u>12,500,000</u> | 0.51  | <u>11,232,458</u> | 0.48  |

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at September 30, 2017:

| Number            | Exercise<br>Price<br>\$ | Expiry Date              |
|-------------------|-------------------------|--------------------------|
| 3,797,500         | 0.15                    | July 15, 2018            |
| 1,202,500         | 0.15                    | August 9, 2018           |
| 5,157,583         | 1.00                    | September 16, 2018       |
| 276,750           | 1.00                    | September 20, 2018       |
| 773,125           | 1.00                    | September 29, 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 |
| <u>12,500,000</u> |                         |                          |

**GLOBAL DAILY FANTASY SPORTS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

(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 nine months ended September 30, 2017 the Company granted share options to purchase 3,025,000 common shares and recorded compensation expense of \$215,680. 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 nine months ended September 30, 2017 was \$0.48 per option.

No share options were granted during the nine months ended September 30, 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 September 30, 2017 and 2016 and the changes for the nine months ended on those dates, is as follows:

|                              | 2017                 |   | 2016                 |   |
|------------------------------|----------------------|---|----------------------|---|
|                              | Number<br>of Options | Weighted<br>Average<br>Exercise Price<br>\$ | Number<br>of Options | Weighted<br>Average<br>Exercise Price<br>\$ |
| 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 September 30 2017:

| Number<br>Outstanding | Number<br>Exercisable | Exercise<br>Price<br>\$ | Expiry Date        |
|-----------------------|-----------------------|-------------------------|--------------------|
| 3,025,000             | Nil                   | 0.48                    | September 12, 2022 |

**7. Related Party Transactions and Balances**

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) *Transaction 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 executive officers.

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During the 2017 period the Company incurred the following compensation amounts to the directors and officers of the Company, as follows:

|                                   | 2017<br>\$     | 2016<br>\$     |
|-----------------------------------|----------------|----------------|
| Executive officers <sup>(1)</sup> | 326,470        | 109,500        |
| Directors                         | 148,400        | 13,500         |
| Stock-based payments              | <u>207,574</u> | <u>-</u>       |
|                                   | <u>682,444</u> | <u>123,000</u> |

(1) \$117,000 of this was capitalized as Deferred Development Cost in 2017 (2016 Nil), as the related work was solely for the development of the DFS Product.

As at September 30, 2017, \$117,894 (December 31, 2016 - \$2,500) remained unpaid.

(b) *Transaction with Other Related Parties*

During the 2017 period the Company was charged \$9,800 (2016 - \$38,600) by Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at September 30, 2017, \$8,230 (December 31, 2016 - \$9,600) remained unpaid.

(c) During fiscal 2016 the Company completed two non-brokered private placements of which directors, officers and close family members purchased 8,410,000 units, at \$0.10 per unit, for \$841,000 and a director of the Company purchase 62,500 units, at \$0.40 per unit, for \$25,000.

See also Note 6(b).

**8. 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              | September 30,<br>2017<br>\$ | December 31,<br>2016<br>\$ |
|--|-----------------------|-----------------------------|----------------------------|
| Cash                                     | FVTPL                 | 3,261,218                   | 5,824,829                  |
| Amounts receivable                       | Loans and receivables | 35,259                      | 5,181                      |
| Accounts payable and accrued liabilities | Other liabilities     | (390,520)                   | (242,201)                  |
| Purchase obligation payable              | Other liabilities     | (35,554)                    | -                          |

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.

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Level 3 - Valuations in this level are those with inputs for the asset /liability that are not based on observable market data. The recorded amounts for cash, amounts receivable, accounts payable and accrued liabilities and purchase obligation 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.

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 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.

| <b>Contractual Maturity Analysis at September 30, 2017</b> |                                      |                                 |                               |                                |                     |
|--|--------------------------------------|---------------------------------|-------------------------------|--------------------------------|---------------------|
|  | <b>Less than<br/>3 Months<br/>\$</b> | <b>3 - 12<br/>Months<br/>\$</b> | <b>1 - 5<br/>Years<br/>\$</b> | <b>Over<br/>5 Years<br/>\$</b> | <b>Total<br/>\$</b> |
| Cash   | 3,261,218                            | -                               | -                             | -                              | 3,261,218           |
| Amounts receivable   | 35,259                               | -                               | -                             | -                              | 35,259              |
| Accounts payable and accrued liabilities                   | (390,520)                            | -                               | -                             | -                              | (390,520)           |
| Purchase obligation payable                                | (35,554)                             |                                 |                               |                                | (35,554)            |

| <b>Contractual Maturity Analysis at December 31, 2016</b> |                                      |                                 |                               |                                |                     |
|---|--------------------------------------|---------------------------------|-------------------------------|--------------------------------|---------------------|
|   | <b>Less than<br/>3 Months<br/>\$</b> | <b>3 - 12<br/>Months<br/>\$</b> | <b>1 - 5<br/>Years<br/>\$</b> | <b>Over<br/>5 Years<br/>\$</b> | <b>Total<br/>\$</b> |
| 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.

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*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

**9. Supplemental Cash Flow Information**

During the nine months ended September 30, 2017 and 2016 non-cash activities were conducted by the Company as follows:

|  | 2017<br>\$      | 2016<br>\$      |
|--|-----------------|-----------------|
| Operating activities                     |                 |                 |
| Accounts payable and accrued liabilities | -               | 91,400          |
| Purchase obligation payable              | 35,554          | -               |
|  | <u>35,554</u>   | <u>91,400</u>   |
| Investing activity                       |                 |                 |
| Intangible assets                        | <u>(35,554)</u> | <u>-</u>        |
| Financing activity                       |                 |                 |
| Share issue costs                        | <u>-</u>        | <u>(91,400)</u> |

**10. Commitments**

The Company has lease commitments for office space in Toronto, Canada and Sliema, 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:

|              | 2017<br>\$    | 2018 - 2019<br>\$ | Total<br>\$    |
|--------------|---------------|-------------------|----------------|
| Office rent  | 25,700        | 137,300           | 163,000        |
| Data license | <u>32,785</u> | <u>87,265</u>     | <u>37,685</u>  |
|              | <u>58,485</u> | <u>224,565</u>    | <u>200,685</u> |

See also Note 5.