



**MANAGEMENT DISCUSSION AND ANALYSIS FOR  
FANTASY 6 SPORTS INC.**

For the three months ended March 31, 2017

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*This management discussion and analysis (“MD&A”) should be read in conjunction with the unaudited condensed consolidated interim financial statements of Fantasy 6 Sports Inc. (the “Company”) and related notes thereto for the three-month period ended March 31, 2017, and 2016 (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis (“MD&A”) is dated May 30, 2017, and discloses specified information up to that date.*

## **FORWARD LOOKING INFORMATION**

This Management Discussion and Analysis (“MD&A”) contains certain forward-looking statements and information relating to Fantasy 6 Sports Inc. (“Fantasy 6” or the “Company”) that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of the various business as described below. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## **DESCRIPTION OF BUSINESS**

Fantasy 6 is a company in the business of developing sports, entertainment and technology and produces online games, contests and other related products and experiences. The Company also develops interactive fan engagement platforms for corporations, media, broadcasts and not-for-profit societies and charities.

During the quarter ended December 31, 2016, Fantasy 6 continued to expand operations through the release of new games, immersive fan experiences and contests such as Fantasy Football, Draft Rivals, Fantasy Basketball, EURO Football Bracket Challenge in partnership with FansUnite , NFL Pick ‘Em Challenge and Arcade 360.

## **2017 HIGHLIGHTS**

- Currently in advanced discussions to provide investment in prospective Film Funds
- Developed and launched Beast Brawlers mobile game
- Continued development of two stealth games, expected to be released in 2017

## **FINANCING**

Fantasy 6 received a convertible note facility (“Convertible Note”) of up to \$10,000,000, from Victory Square Labs Inc., a company controlled by an officer and director of Fantasy 6. The funding will allow Fantasy 6 to aggressively pursue and complete active elements of its global growth strategy.

The Convertible Note - to be advanced in tranches - will see Fantasy 6 direct additional capital into product sales, brand marketing and a series of strategic acquisitions designed to propel the company into the top tier of players in the industry. The Convertible Note will consist of a series of secured convertible promissory notes (each, a “Note”), each with a minimum one-year term. Further, each note will be issued pursuant to a note purchase agreement, stating that interest on each Note will accrue at 6% per annum, compounded annually, and payable in common shares in the capital of the Company upon maturity. Each Note will be secured by a first charge over all of the Company’s present and subsequently acquired personal property pursuant to a general security agreement

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

## **1. OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

### **MAJOR DEVELOPMENTS - IMMERSIVE, VIRTUAL AND AUGMENTED REALITY**

#### **BC SPORTS HALL OF FAME**

On August 15, 2016, after a successful partnership in deploying a web and mobile experience for the BC Sports Hall of Fame's 50th Anniversary celebration of the top 50 moments in sports history for the Province of British Columbia, BC Sports Hall of Fame and Fantasy 6 entered into a partnership where Fantasy 6 will lead a \$1,500,000 fan experience project at the BC Sports Hall of Fame facility, which is located within BC Place Stadium, the largest sports stadium in Vancouver, British Columbia.

The partnership will see Fantasy 6 leverage its expertise in real world immersive fan engagement and integration of VR and AR in order to help transform the existing BC Sports Hall of Fame exhibits into new and modernized active immersive experiences. Subsequently, the partnership has been expanded to include the development and integration of a new web platform and education portal for the BC Sports Hall of Fame.

#### **AUGMENTED REALITY PLAYGROUNDS**

On November 23, 2016, the Company announced it had signed a partnership agreement with Biba Ventures Inc. ("Biba"), a dynamic technology company that transforms traditional children's outdoor playgrounds into "smart" playgrounds designed to inspire active, outdoor and imaginative play for children growing up in the digital era.

For parents concerned that their children are spending too much time sitting still in front of a screen, Biba "smart" playgrounds are a game-changer. By engaging with children via the digital rewards and achievements to which they have become accustomed, "smart" playgrounds are able to get children back to real fun, in the real world.

The gameplay behind Biba's envisioned playground is very simple. The narrative of the game is that all of the playgrounds on earth are actually wreckages of robot spacecrafts that have crashed. As children visit these playgrounds, they meet a robot companion that becomes their new best friend. By playing games, their robot gets smarter, stronger and begins to remember the programming that brought it to our planet in the first place.

The marketplace for these types of games is worldwide and has the ability to attract children from every corner of the earth to get out and play. In addition to Biba's own suite of games, Fantasy 6 will craft AR games for use in Biba playgrounds.

As part of the arrangement, Fantasy 6 will work with Biba to drive development of a projected 10,000 smart playgrounds for municipalities, entertainment brands and geo-located commerce partners around the world over the next three years. Each year, over 5 million families will visit one of these playgrounds; driving a huge audience to download the new and exciting games from the iTunes and Google Play stores.

#### **360 DEGREE VIRTUAL ARENA**

In August of 2016, Fantasy 6 was contracted to build a real world immersive experience designed to engage hockey fans attending the World Cup of Hockey, in Toronto, set for September of that year. The experience was designed to leverage the overarching theme of capturing and sharing "moments". Fantasy 6 designed and delivered a 360o experience leveraging projection mapping technology and mobile technology.

The experience started with hockey fans approaching a large inflatable dome, while attending a Fan Village at a major National Hockey League event. The fan would then interact with a touch screen kiosk in order to input their email address and social IDs and to customize their immersive experience based on their favourite team. Once complete, they entered the dome, at which point the immersive experience commenced and gave hockey fans the ability to simulate standing at center ice at the Air Canada center in Toronto, giving the fan the feeling they are actually standing at center ice, surrounded by a sold out, cheering crowd. The "moment" was then captured on camera with the hockey fan receiving a 360o compatible photo, via email, that they could immediately view on their mobile phone and share through various social channels. The 360o Virtual Arena was deployed at the World Cup of Hockey Fan Engagement Zone in Toronto in September 2016 and later deployed in Winnipeg in October.

## **FANTASY 360**

On November 9, 2016, Fantasy 6 announced that it had established Fantasy 360 Technologies Inc. ("Fantasy 360"), a new technology subsidiary specializing in VR and devoted to 360o of immersive experiences in sports, games and entertainment. Fantasy 360 allows Fantasy 6 to tap into this fast-growing market built on immersive experiences, in which fans use VR devices to either play games or watch live sporting events and concerts as if they are actually in the venue real-time. According to Digi-Capital's new Augmented/Virtual Reality Report 2015, the AR/VR market could hit \$150 billion in revenues by 2020.

The creation of Fantasy 360 is a natural extension of the successful track record Fantasy 6 has developed since its launch in the spring of 2015. The past year has seen Fantasy 6 sign a \$1.5 million memorandum of understanding to provide the BC Sports Hall of Fame in Vancouver with a series of new galleries and exhibits featuring immersive sports technologies and innovative new VR applications around hockey, football, soccer, baseball, basketball, auto racing, the Olympics, and more.

Fantasy 360 entered in to a services agreement whereby Fantasy 360 will be engaged by Immersive Sports Technologies Inc. to design and build an immersive-technology escape room within the Wailea Marriott Hotel (Maui, Hawaii) and to provide other similar services, as agreed, prior to December 31, 2017. The value of this agreement is estimated to be \$160,000.

## **MAJOR DEVELOPMENTS - MOBILE GAMING**

### **FANTASY FOOTBALL COACH:**

On July 13, 2016, Fantasy 6 entered into exclusive negotiations with NFC Games to acquire a 100% in the Football Fantasy Coach ("FFC") mobile app and all related IP. Research conducted by Fantasy 6 indicated that there was a significant opportunity in the cross-section between the 57 million fantasy sports players and the 165 million mobile gamers in North America. The unique gameplay and integration of real world statistics from the National Football League makes FFC an ideal fit as a core product of Fantasy 6's mobile games division.

On September 13, 2016, the Company announced FFC as the Company's first entry into the fast-growing and lucrative mobile gaming market. FFC has been met with critical success in its initial debut, topping the Apple charts that serve as the industry standard. FFC debuted as the #4 top app in the Football category by Apple in both the US and Canada, #21 in the New Games list by Apple in Europe and top 100 in the Sports category in over 119 countries around the world. To date FFC has logged over 1,000,000 minutes of gameplay with new features being released regularly.

### **DRAFT RIVALS FANTASY BASKETBALL CHALLENGE:**

On December 6, 2016, the Company announced the launch of its mobile game titled Draft Rivals: Fantasy Basketball, scheduled for release on December 15, 2016.

Draft Rivals: Fantasy Basketball allows players to face off in live Player-versus-Player action against basketball rivals from around the world. By providing enhanced team search functionality designed to help players easily find their friends, Draft Rivals: Fantasy Basketball, encourages players to connect with their friends by helping build their teams or allowing them to battle head-to-head. Further, players are able to open up card packs to collect their favorite players, and draft their collection. Draft Rivals is defined by fast-paced auctions to get superstar players on fantasy teams.

Created and developed by 1UP Mobile Inc., Draft Rivals: Fantasy Basketball allows players to improve their odds of getting superstar players by purchasing new card packs.

Released ahead of schedule, Draft Rivals: Fantasy Basketball immediately hit #1 in Canada under “New Sports Games” and #2 in the United States in the same category, according to App Annie, a business intelligence company and analyst firm that produces business tools and market reports for the apps and digital goods industry. It is currently featured in more than 60 countries under “Sports, Games and Cards” by the reviewers at Apple iTunes.

The strong, positive response to Draft Rivals: Fantasy Basketball comes quickly on the heels of the highly successful launch of the Company’s Fantasy Football Coach. The Company is also planning to launch at least two new titles, including its first Major League Baseball (MLB) game and an Indian Premier League (IPL) cricket game, in early 2017.

During the three-month period ending December 31, 2016, Fantasy Football Coach and Draft Rivals: Fantasy Basketball achieved 1,420,677 unique new user downloads. The Company reasonably expects to achieve over 1,000,000 additional unique new user downloads in the first three months of 2017.

## **MAJOR DEVELOPMENTS - BIG DATA AND ARTIFICIAL INTELLIGENCE**

### **FANSUNITE:**

In September of 2016, the Company released a unique Football Pick’Em Challenge throughout the NFL season. The creative campaign supporting the Pick’Em Challenge added brand awareness and customer retention through digital marketing, social media and general press and media exposure. What separated the Pick’Em Challenge from more traditional fantasy sports contests is how it was designed to bring together hard-core and casual fans alike and appeal to players of all levels of experience. The Pick’Em Challenge was built to be easy to play, with fans selecting just six NFL game winners from that week’s schedule. A participant correctly picking all six games each week, for six weeks in a row, could win up to \$10,000,000. This Challenge gave players an opportunity to enjoy the product and increase engagement while offering the impressive opportunity to win life changing prize amounts.

FansUnite also took this to introduce a layer of security features designed to leverage emerging blockchain technology. Fantasy 6 identified BTL Group Ltd., which had recently secured a venture with Visa Europe Collab, validating BTL technology as the ideal partner to work with FansUnite on security for their games and contests. BTL's SecurePlay platform was deployed on FansUnite in order to help ensure integrity, security and transparency of games and contests. The cutting-edge security technology is a significant differentiator for FansUnite against similar sites offering similar types of contests and games.

In October 2016, FansUnite launched a newly designed platform that provided the user with a superior gaming experience. This new platform included a robust dashboard for each member and a brand new design that allowed for an improved user experience with platform scalability. The end result enabled FansUnite members to access information they are looking for, faster and easier. FansUnite benefited through increased engagement and retention from its customers, while encouraging guests to subscribe as paying subscribers as greater value was presented on the platform. The Company also offered a decreased price point of a \$20 per month subscription from the former \$50 per month fee. This reduced price point was specifically designed to provide a more inclusive price point for global markets.

With a focus on integrating emerging technologies, Fantasy 6 announced on November 28, 2016, the release of a new chatbot for FansUnite that utilizes artificial intelligence technology into the FansUnite platform. Reflective of the company's push towards big data and artificial intelligence, the FansUnite chatbot gives sports fans access to real time sports data and crowd sourced sports picks from [FansUnite](#) through a convenient interface. The 1<sup>st</sup> generation of the FansUnite chatbot gives users access to data such as selections for any matches, odds for any team, and current selections from any FansUnite member. Future versions will leverage machine learning and artificial intelligence, offering more sophisticated uses of FansUnite's data. There was significant positive reaction by media, fans, and gamers with the introduction of the chatbot.

In February 2017, FansUnite launched a new blogging platform created to provide unique content to sports fans. The Company commenced an initiative to write and produce more regular content and drive traffic to the blog with a strategic goal of acquiring new users to engage with the FansUnite platform. Further, FansUnite engaged external guest bloggers to produce and write content on FansUnite's blog targeting popular sports and entertainment including the NFL and WWE. This targeted campaign enabled FansUnite to expand its customer base, focusing on improving SEO, while the expanded regular content allowed FansUnite articles to be shared more frequently on social channels in order to increase web traffic to its blog.

FansUnite is currently working on building a mobile app for both Android and iOS, expected to be ready for release in Q2 of 2017.

The FansUnite mobile app will significantly aid customer engagement and acquisition. FansUnite members are used to having data at the tip of their fingers and the mobile app will allow them to access data in real time as they watch and engage their favourite sporting events.

FansUnite's initial release of the app will offer core features of the FansUnite web platform. FansUnite firmly believes that a high number of its members will become mobile only users and that the release of the app will provide a huge opportunity to gain new users. The mobile app will also provide occasion for FansUnite to engage prospective advertisers.

## **2. LIQUIDITY AND CAPITAL RESOURCES – FINANCIAL CONDITION OF THE COMPANY**

As at March 31, 2017, the Company had total current assets of \$56,612, comprised of \$18,193 in cash and \$25,564 in GST receivable. Conversely, the Company had total current liabilities of \$1,478,371.

As at March 31, 2017, the Company had a working capital deficiency of \$1,421,759 (2016 - \$1,111,170). During the three-month period ended March 31, 2017, the Company was able to secure a private loan in the amount of \$222,018 (year ending December 31, 2016 - \$687,720) with a simple interest rate of 3%.

The Company signed a binding term sheet with Victory Square Labs Inc., a related party, for a new secured Convertible Note facility up to \$10,000,000. This will allow the Company to aggressively pursue and complete active elements of its global growth strategy.

The Convertible Note - to be advanced in tranches - will see the Company direct additional funds into product sales, brand marketing and a series of strategic acquisitions designed to propel the Company into the top tier of players in the industry. The Convertible Note will consist of a series of secured convertible promissory notes (each, a "Note"), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement and interest on each Note will accrue at 6% per annum, compounded annually, and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company's present and subsequently acquired personal property pursuant to a general security agreement.

To March 31, 2017, no revenue has been earned from the new user downloads.

Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

The Company believes it currently has sufficient access to funds for financial commitments to cover estimated operating expenses over the next twelve months.

The Company has minimal cash flow from operations and is dependent upon raising equity financing to sustain its operations.

The Company has not issued dividends to date and has no plans to pay dividends in the foreseeable future.

### **3. RESULTS OF OPERATIONS**

The Information for the three-month period ended March 31, 2017 and 2016 is based on unaudited condensed interim consolidated financial statements:

	<b>Three months ended March 31, 2017</b>	<b>Three months ended March 31, 2016</b>
<b>Revenue</b>	\$ 7,003	\$ 3,669
<b>Expenses</b>		
Amortization	242,771	-
Foreign exchange loss (gain)	7	(300)
General and administration	18,427	15,207
Interest	6,452	-
Investor relations	2,000	-
Management fees	60,250	10,000
Professional fees	36,728	73,636
Research and development	73,100	-
Sales and marketing	38,683	44,891
Transfer agents and regulatory fees	12,403	-
Wages	70,722	12,058
Website expenses	-	21,314
<b>Total expenses</b>	<b>(561,543)</b>	<b>(176,806)</b>
<b>Net loss for the period</b>	<b>(554,540)</b>	<b>(173,137)</b>

#### **REVENUE**

The revenue for the period ended March 31, 2017, was \$7,003 compared to \$3,669 for the period ended March 31, 2016.



## **EXPENSES**

For the quarter ended March 31, 2017, total expenses were \$561,543 compared to \$176,806 recorded during the same period in 2016, representing an increase of \$384,737 or 218%.

Included in expenses is a non-cash charge of \$242,771 (three months ended March 31, 2016 - \$nil) for amortization of FansUnite and website development costs, and \$60,250 (three months ended March 31, 2016 - \$nil) for accrued but unpaid management fees. After deducting these noncash items, expenses totalled \$258,522 for the period ended March 31, 2017 compared to \$176,806 for the three months ended March 31, 2016, representing an increase of \$81,716 or 46%. Material variances over the comparable period are discussed below.

### **Management**

During the three-month period ended March 31, 2017, \$60,250 was incurred in management fees compared to \$10,000 in the prior year period. Commencing in Q2 2016, the Company employed a full-time CEO and COO.

### **Research and Development**

During the three months ended March 31, 2017, the Company incurred \$73,100 in research and development compared to \$nil for the three months ended March 31, 2016. The research and development costs in the current quarter are related to the mobile app being worked on by FansUnite, expected to be ready for release in Q2 of 2017.

### **Wages**

During the quarter ended March 31, 2017, the Company spent \$70,722 on wages compared to \$12,058 spent in the quarter ending March 31, 2016. This is directly related to the acquisition of FansUnite in August 2016 as well as the hiring of one additional staff member in the second half of 2016.

### **Professional Fees**

During the three months ended March 31, 2017, professional fees were \$36,728 compared to \$73,636 for the quarter ending March 31, 2016 representing a decrease of \$36,908. In the quarter ended March 31, 2016, legal fees related to the costs of taking the Company public were higher by \$18,176. In addition, during the quarter ended March 31, 2016, the Company incurred graphic design fees of \$17,853.

## **4. SUMMARY OF QUARTERLY FINANCIAL OPERATIONS**

The following information is derived from unaudited interim consolidated financial statements:

Fiscal quarter ended	Revenue	Net loss for the Period	Basic and Diluted Loss Per Share
	\$	\$	\$
March 31, 2017	7,003	(554,540)	(0.01)
December 31, 2016	(156,920)	(1,301,887)	(0.03)
September 30, 2016	584,783	(845,100)	(0.02)
June 30, 2016	1,964	(396,946)	(0.01)
March 31, 2016	3,669	(173,137)	0.00
December 31, 2015	19,123	(198,637)	0.00
September 30, 2015	9,666	(281,405)	(0.01)
June 30, 2015	3,810	(47,572)	(0.00)

## 5. TRANSACTIONS WITH RELATED PARTIES

### RELATED PARTY TRANSACTIONS

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

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

### Related party balances

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

### Key management compensation

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

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

## **Related party loans**

As at March 31, 2017, the Company has \$925,389 (2016 - \$698,581) in related party loans, which includes \$16,395 (2016 - \$10,861) in accrued interest. The related party loans are due on or before October 16, 2017 and are unsecured. Until June 4, 2016, the related party loans bore interest at 8% compounded semi-annually and 3% thereafter.

## **6. OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements that would require disclosure.

## **7. PROPOSED TRANSACTIONS**

As of the date of this document, the Company has no proposed transactions approved by the Board of Directors.

## **8. CRITICAL ACCOUNTING ESTIMATES**

The Company's significant accounting estimates are presented in Note 2 in the notes to the annual financial statements. The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented, and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. 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.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made include, but are not limited to, the following:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements are made in particular with regard to assessment of impairment to the carrying value of the Company's assets.

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period.

Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis

As at March 31, 2017, the Company reviewed the carrying value of its remaining assets and determined that there were no indicators of impairment.

## **9. NEW ACCOUNTING STANDARDS**

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods after March 31, 2017.

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

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

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

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

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

## **10. FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments in the following categories: loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

The Company has classified its cash and cash equivalents and other receivable as loans and receivables. Related party loans, trade payables and player deposits are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired.

Other financial liabilities are initially recognized at fair value adjusted for directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

## **11. RISKS RELATED TO THE COMPANY'S BUSINESS**

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

### a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of input tax credits and investment tax credits receivable from government institutions. As a result, the Company is not exposed to significant credit risk.

### b) Liquidity risk

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

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

### c) Foreign exchange risk

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

### d) Interest rate risk

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

### e) Fair value

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

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

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

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

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

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. There were no financial instruments carried at fair value as at March 31, 2017 and December 31, 2016.

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

## **12. OTHER MD&A DISCLOSURE REQUIREMENTS**

### **INFORMATION AVAILABLE ON SEDAR**

As specified by National Instrument 51-102, Fantasy 6 advises readers of this MD&A that important additional information about the Company is available on the SEDAR website [www.sedar.com](http://www.sedar.com).

### **DISCLOSURE OF INTERNAL CONTROLS**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **OUTSTANDING SHARE DATA**

#### **Capitalization as of May 30, 2017:**

The Company is authorized to issue an unlimited number of common shares.

At May 30, 2017, 2017, there were 48,612,139 issued and fully paid common shares.

#### **Warrants**

At the date of this report the Company has 722,801 warrants outstanding with exercise prices from \$0.10 to \$0.50.

Vancouver, British Columbia  
May 30, 2017

**Cautionary Statement**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are advised not to place undue reliance on forward-looking statements.