GLOBAL DAILY FANTASY SPORTS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR AND THREE MONTHS ENDED DECEMBER 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at May 25, 2020 and should be read in conjunction with the audited condensed consolidated interim financial statements for year ended December 31, 2019 of Global Daily Fantasy Sports Inc. ("GDFS" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf, except as may be required by applicable law.

All of the Company's public disclosure filings, including its most recent filing statement, management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Description of the Company's Business

The Company is a B2B technology provider of Daily Fantasy Sports (DFS) software and network, which enables its licensed customers to offer a customized and fully branded DFS Product to their end users. DFS is an accelerated variant of traditional Fantasy Sports Games that are conducted over shorter periods, such as a weekly or daily competition, as opposed to those that are played across an entire season, and is one of the fastest growing segments of the fantasy sports industry today.

The Company's target customers include gaming operators, such as sports books, land-based groups, media companies, big database groups and other operators who wish to quickly and easily break into the DFS industry with a customized software solution. The Company will allow its customers to seamlessly integrate into its DFS Product thereby allowing their individual end users easy access to a variety of DFS contests and content. The Company's customers will also have the option to offer ring-fenced (internal) contests for their own database or join networked contests with all of the Company's customers.

The Company has three sources of revenue. The first are set-up fees which typically pay for the integration, customization and branding of the customer site for the use of our DFS product. The second is for licensing and use of the Company's software-as-a-solution (SaaS). The third is for managed services, which is for marketing and support services for customers requiring fully managed services of the Company's staff.

The Company's revenues have been earned from licensing the Company's software to its Italian based customers, or set-up fees paid when these customers went live with the software. When a new customer goes live a set-up fee may be payable. There were no set-up fees earned in the twelve months to December 31, 2019, but in the year ended December 31, 2018 there were $23,012 in set-up fees earned from customers that went live in that period. Software licensing revenue from customers consisted of $50,789 in the year ended December 31, 2019 and $106,889 in the year ended December 31, 2018.

The online gaming industry is heavily regulated and it is the Company's intention to only provide its product to customers who hold an appropriate gambling license. Initially, the Company's target markets are Europe, Asia and Latin America.

Daily Fantasy Sports

DFS is a subset of yearlong Fantasy Sport Games. As with traditional fantasy sports games, site end users compete against others by building a team of professional athletes from a particular league or competition and earn points based on the actual statistical performance of the players in real-world competitions. DFS are an accelerated variant of traditional Fantasy Sports Games that are conducted over short-term periods, such as a week or single day of competition, as opposed to those that are played across an entire season. DFS are structured in the form of competitions referred to as a contest, where site end users pay an entry fee in order to participate, and build a team of athletes in a certain sport while complying with different contest rules. Depending on the overall performance of the athletes selected, site end users may win a share of a pre-determined prize pool.

Principal Products and Services

The Company platform is a multi-tenant B2B gateway, which allows customers to offer their end users the DFS Product. The DFS Product has been built with a mobile first philosophy that allows for seamless integration at the customer level without having to share or compromise any sensitive end user data. Joining the Company's network allows customers to capitalize on a mature infrastructure with shared liquidity, without conflict of interest and built specifically for regulated market environments.

As a true B2B global network, the Company offers a SaaS product that provides a turn-key solution for sportsbook operators, land-based operators, media groups, big database groups and other operators to enter into the DFS industry, without having to incur large upfront costs to monetize this new business and add incremental revenue.

The Company's online offering is designed for gaming operators worldwide. The platform integrates into a gaming operator's website, where the DFS Product will be immediately available to the end users. The end user will easily be able to access the DFS Product using any modern browser via a desktop or mobile device. This allows any customer end-user the ability to access the content from any device accessible to him or her, with the benefit that a user can pause and transition the experience across any number of devices. While the end user accesses the offering through an operator's website, the Company maintains and operates the platform to ensure a safe and secure ecosystem without conflict of interest.

The networked nature of the online product offering combined with the unique features of the platform will allow end users of different operators, at the operator's discretion, to compete against each other. By combining the player base of the operators, each player will have access to contests that are appropriate to his or her skill level and risk tolerance.

DFS contests currently offered are the five major European football leagues and North American and European golf.

Distribution Methods

The Company's products and services will be distributed through the Internet via mobile and desktop, which may provide customers/network partners with advantages over traditional offline gaming competitors, including global reach and additional mobility, a reduced cost base, 24/7/365 access, greater levels of player liquidity and enhanced innovation with respect to contest offerings and technology.

Principal Markets and Restricted Markets

The Company will operate in markets worldwide and only provide its product to customers who hold an appropriate gambling license. The Company plans to have a global presence with an initial focus to partner with gaming operators in the United Kingdom/European Union, Latin America, and Asia. The management of the Company believes that these markets are underdeveloped and potential for growth exists. Additional opportunities for expansion may exist across Europe, Australia, and India if the Company develops sports and contest offerings that are localized for those respective regions.

Marketing Plans and Strategies

The DFS industry is young and in development phase in Europe and other markets outside of North America. As the Company's focus will be building a B2B platform and network, it will benefit from the focus of consumer facing platforms. Central to the Company's marketing strategy is to align with key distribution partners in its target markets. These distribution partners will have relationships and access to potential target customers. The Company intends to leverage their customer databases and will not have to invest marketing dollars to acquire end users of the DFS Product. 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, NYX Gaming Group Limited was purchased by Scientific Games Corporation (NASDAQ: SGMS) ("SGC") in January 2018; Scientific Games is a global leader in technology-based gaming systems, table games, table products and instant games, and a leader in products, services and content for gaming, lottery and interactive gaming markets. Scientific Games combined the acquired company with its own online B2B gaming division to create a new division SG Digital.

The NYX Agreement establishes a strategic relationship between the Company and NYX (now SGC and hereafter referred to as SGC) to develop and distribute the DFS Product on SGC's proprietary platform (the "OGS Platform") and SGC's customer base (the "OGS Network") to SGC clients worldwide.

Under the Agreement with SGC:

(i) the Company and SGC are co-operating in the development of the DFS Product;
(ii) SGC granted the Company an exclusive, irrevocable, non-transferable (except to an affiliate or a third-party non-competitor of SGC) worldwide right to distribute the DFS Product on the OGS Network (the "Network Distribution Rights");
(iii) SGC has granted the Company an exclusive, irrevocable, non-sub-licensable and nontransferable (except to an affiliate or a third party non-competitor of SGC) worldwide license 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 License");
(iv) SGC has 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 License, the Company has paid SGC a total of $322,663 (US$250,000).
The Company must also make a payment of US$250,000 to SGC upon the commercial launch of the DFS Product on the OGS Platform and the OGS Network. In addition, the Company will pay to SGC a monthly royalty payment for clients through the OGS Network with some minimum guarantees after the product is launched.

The Company's obligation to remit the applicable DFS Royalty will begin 30 days after the commercial launch of the DFS Product on the OGS Platform and the OGS Network. The term of the SGC Agreement is five years from the commercial launch of the DFS Product on the OGS Platform and the OGS Network, which initial term may be renewed by the Company on written notice to SGC for an additional five-year period.

To date, SGC has not provided any customers to the Company through its marketing efforts, which have entered into a licensing agreement.

In general, the Company will build its marketing campaign by attending industry conferences, using direct sales tactics, utilizing a multi-pronged search engine optimization strategy, developing its website, utilizing print advertisements in trade magazines and connecting and networking with new third party platform aggregators.

Purchase of Mondogoal Assets

On May 26, 2017 the Company announced that, effective May 11, 2017, the Company entered into an asset purchase agreement (the "Mondogoal Purchase") with Mondogoal whereby the Company purchased Mondogoal's operating assets consisting of intellectual property, trademarks and client contracts (the "Purchased Assets") for the Company's DFS B2B operations to be conducted in Italy. The purchase price paid for the Purchased Assets was US$247,500 plus certain unpaid liabilities of Mondogoal related to the assets. In addition, the Company agreed to pay Mondogoal an amount equal to the value of the net gaming revenues derived from the Purchased Assets during each of the first three anniversary periods, to be payable in common shares of the Company that are priced in the context of the market (the "Earn-out Shares") to a maximum of US$300,000 and subject to TSXV approval. As of December 31, 2019, no Earn-out Shares have been issued.

Mondogoal has ceased operations and has failed to perform its obligations under the Mondogoal Purchase. The Company believes it has no further obligations owing under the Mondogoal Purchase and has the right to certain damages under the Mondogoal Purchase. As of December 31, 2019, the Company had no customers using Mondogoal's operating assets it acquired as three of Mondogoal's Italian operators were not renewed on July 31, 2019.

Competition

The Company may not be able to compete successfully against current and future competitors, and the competitive pressures the Company faces could harm its business and prospects. Broadly speaking, the Internet media, entertainment, fantasy sports, and i-gaming industry are highly competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Some of the Company's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition and significantly greater financial, sales, marketing, technical and other resources than the Company. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Company markets and distributes.

Proprietary Protections

The Company owns 100% of the DFS Product. The Company will rely on a combination of trademark, copyright and trade secret laws, as well as confidentiality agreements and technical measures to protect its proprietary rights.

Regulatory Matters

The Company received a B2B skilled gaming license from the Malta Gaming Authority ("MGA") on April 6, 2018, enabling it to provide its Product to licensed operators of the MGA. The license entitles the Company to manufacture, supply, install and adapt gambling software for electronic devices or websites in a network setting.

On August 10, 2017, the Company received Gaming Laboratories International ("GLI") certification for its DFS platform for Italy and the United Kingdom. The GLI certification covers both the Company's sports offerings of European Football and European and PGA Golf and provided the necessary accreditation required to launch the Company's platform in Italy and in the UK.

DFS Platform and Network Update

The Company's proprietary DFS Platform provides the following competitive advantages:

- Enables multiple operators to join a network as regulation permits to share liquidity; which means each operators end users are able to participate in a common pool of other operators end users to promote larger contest sizes.
- enables operators the option to offer its clients entry into ring-fenced contests or network wide contests for enhanced liquidity and prize pools;
- uniquely designed guided custom lobby experience will ensure players easy access to enter contests and maximize customer retention;

- designed games such as “pick em” which will provide the casual new user unprecedented ease of entry in new emerging markets;
- platform architecture has been designed to scale;
- proprietary skill matching algorithm for head to head matches to promote a healthy game economy; and
- mobile accessible on Android and iOS.

With the MGA license received April 6, 2018, the Company is in a position to partner with licensed operators and launch a network for all markets not requiring a specific license. The Company’s expectation is to launch another network in fiscal 2020 but ultimately will be determined by customer agreements and integration into the new network. In addition, the company is reevaluating its product and strategy from its network experience in the Italian market, this network was discontinued after the 2018/19 Serie A season due to economic viability of the network.

Selected Financial Data

The following selected financial information is derived from the audited annual financial statements of the Company prepared in accordance with IFRS.

	Years Ended December 31,		
	2019 $	**2018 $**	**2017 $**
Operations:			
Revenues, net of royalties	50,789	106,889	45,929
Expenses	2,308,500	4,844,074	2,321,018
Other items	(714)	(3,179,508)	39,540
Net loss and comprehensive loss	(2,258,425)	(7,916,693)	(2,235,549)
Basic and diluted loss per share	(0.03)	(0.15)	(0.05)
Dividends per share	Nil	Nil	Nil
Statement of Financial Position:			
Working capital	(1,188,205)	(184,578)	1,742,630
Total assets	253,379	542,057	5,982,574
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company prepared in accordance with IFRS.

	Fiscal 2019				**Fiscal 2018**			
	Dec. 31/19 $	**Sept. 30/19 $**	**Jun. 30/19 $**	**Mar. 31/19 $**	**Dec. 31/18 $**	**Sept. 30/18 $**	**Jun. 30/18 $**	**Mar. 31/18 $**
Operations:								
Revenue	Nil	Nil	6,139	44,650	42,211	16,738	36,826	11,114
Expenses	615,156	526,340	489,494	677,510	(960,275)	(1,395,189)	(1,333,044)	(1,173,566)
Other items	(20,722)	13,560	(1,242)	9,118	(3,129,976)	11,619	(4,988)	(56,163)
Net loss	(637,188)	(512,780)	(484,597)	(623,860)	(4,048,040)	(1,366,832)	(1,301,206)	(1,218,615)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.07)	(0.03)	(0.03)	(0.03)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Statement of Financial Position:								

Working capital	(1,188,205)	(596,883)	(432,050)	(574,351)	(184,578)	524,390	88,639	813,264
Total assets	253,379	259,939	363,095	281,894	542,057	4,212,622	3,985,988	4,670,144
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2019 Compared to Three Months Ended September 30, 2019

Operations

During the three months ended December 30, 2019 ("Q419") the Company reported a net loss of $637,188 ($0.01 per share), compared to a net loss of $512,780 ($0.01 per share) for the three months ended September 30, 2019 ("Q319"). The $124,408 increase in loss during Q419 is primarily attributed to:

(i) The increase in legal fees of $54,133 to $77,653 in Q419, from $23,520 in Q319 as the Company incurred significant legal fees associated to its proposed transaction with Playgon Interactive Inc (as defined below). See "Acquisitions".;
(ii) The increase in management compensation of $33,694 to $160,986 in Q419, from $127,292 in Q319 due the reallocation of expenses from professional fees in previous periods;
(iii) The increase in Foreign exchange losses of $5,637 to $12,245 in Q419, from a gain of $13,484 in Q319 due mainly due to the fluctuation of the Canadian dollar against the euro.

These amounts were partially offset by a reduction in Salaries and benefits of $16,003 to $35,298 in Q419 from $51,301 in Q319

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Operations

During the twelve months ended December 31, 2019 ("fiscal 2019") the Company reported a loss of $2,258,425 ($0.03 per share), compared to a net loss of $7,916,693 ($0.015 per share) for the twelve months ended December 31, 2018 ("fiscal 2018"), a decrease in operating loss of $5,658,268. The decreased loss was mainly due to these items:

(i) Professional and technical support fees decreased by $905,494 from $1,846,746 in fiscal 2018 to $941,252 in fiscal 2019, as the Company reduced activity in the development and maintenance of its gaming platform;
(ii) Share-based compensation decreased by $417,597 in fiscal 2019, to ($7,657) from , $409,940 in fiscal 2018, due to employee reductions and corresponding forfeiture and cancellation of stock options resulting in a claw-back of the previously incurred expense associated with those share options;
(iii) Intangible amortization decreased by $436,815 in fiscal 2019, to $Nil from $436,815 in fiscal 2019, as the Company had impaired the full value of its Intangible Assets in fiscal 2018, leading to no amortization in fiscal 2019.
(iv) Salaries and benefits decreased by $369,750 in fiscal 2019, to $255,088 from $624,838 in fiscal 2018, also due to employee reductions.

General and administrative expenses decreased from $4,844,074 during to $2,308,500 during fiscal 2019 as follows:

	Year Ended December 31,	
	2019 $	2018 $
Revenue	50,789	106,889
Expenses		
Accounting and administration	7,747	44,280
Audit	28,500	32,299
Data access fees	157,860	237,143
Depreciation	2,016	4,446
Directors' fees	100,800	103,200

Intangible amortization	-	436,815
Legal	156,929	159,673
Loan interest expense	7,060	-
Licenses	12,599	13,592
Management compensation	515,356	497,854
Office and miscellaneous	26,786	115,826
Professional and technical support fees	941,252	1,846,746
Regulatory	-	2,352
Rent	45,975	176,882
Salaries and benefits	255,088	624,838
Share-based compensation	(7,657)	409,940
Shareholder costs	4,443	3,902
Transfer agent	20,893	26,263
Travel and related	32,853	108,023
	2,308,500	4,844,074
Operating loss	(2,257,711)	(4,737,185)

Charge for Impairment of Intangible Assets

Intangible assets are tested for impairment when indicators of impairment exist at the reporting date as described in its policy in Note 3. The Company has grouped all the intangible assets into one cash generating unit ("CGU") for the purposes of impairment testing.

At December 31, 2018, the Company noted that the intangible assets had indicators of impairment. The main indicator of impairment of the Bellwether agreement and the Other Internal Developed Software was the uncertainty of demand from potential customers for the Company's software, and the continuing operational losses being incurred by the Company, due to the uncertainty of demand it was impossible to produce a reliable future positive cash-flow model that could justify carrying a value for the software. There was no certainty of demand from SGC customers for the Company's software and with no visibility into future cash-flow generation it was impossible to produce a reliable future positive cash-flow model that could justify carrying a value for the asset. The value of the Mondogoal investment had previously been justified through the expected future growth of the revenue from the customer contracts, however in fiscal 2018 the revenue from these contracts did not grow sufficiently to establish a network that had positive cash-flow, and with the lack of growth holding a value for the Mondogoal investment was not justifiable. As a result of the indicators, the Company completed an impairment test by comparing the carrying amount of the CGU to its recoverable amount.

To determine the recoverable amount, the Company compared the carrying value of the CGU to the recoverable amount, where the recoverable amount is higher of the fair value less costs to sell ("FVLCS") and the value-in-use ("VIU"). An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

The Company was unable to determine reliable estimates for the CGU using either FVLCS or VIU. As a result, the Company determined that a full impairment of the CGU was required and, accordingly, made an impairment charge of $3,114,144 in 2018, there was no impairment charge for the twelve months ended December 31, 2019.

Financing Activities

Equity financing

During the twelve months to December 31, 2019, the Company completed a non-brokered private placement of an aggregate of 15,000,000 units at a price of $0.10 per unit for aggregate gross proceeds of $1,500,000. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles, subject to accelerated vesting in certain circumstances, the holder to purchase an additional common share of the Company at an exercise price of $0.20 per until the 12-month anniversary of the date of closing. The company completed the first tranche of this offering for 1,160,000 units for proceeds of $1,159,985 on April 4, 2019 and the second tranche of this offering for 340,000 units for proceeds of $340,000 on July 17, 2019.

Fiscal 2018

During the twelve months to December 31, 2018, the Company completed a non-brokered private placement of 9,951,462 units at a price of $0.15 per unit for proceeds of $1,492,702. Each unit consisted of one common share of the Company and one half of one transferable warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of 36 months after the closing.

Warrants

During the twelve months to December 31, 2019, the Company issued 15,000,000 non-transferable share purchase warrants. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.20 per share on 11,600,000 warrants until April 4, 2020 and 3,400,000 warrants until July 17, 2020. None of these warrants have been exercised as of December 31, 2019.

In the twelve months to December 31, 2018, 1,996,250 warrants were exercised at a price of $0.15 per share for total proceeds of $229,437. 4,975,730 warrants were issued with an exercise price of $.40 per share as part of the Company's private placements during fiscal 2018.

Investment Activities

In order to provide working capital to complete the acquisition of Playgon Interactive Inc, the Company arranged a working capital loan of $300,000 from an arm's length party. The loan is at twelve percent (12%) interest per annum, due on demand and unsecured. The Company intends to repay the loan from working capital following completion of the Playgon acquisition.

Acquisitions

The Company entered into a definitive Share Purchase Agreement dated November 29, 2019, as amended January 6, 2020, February 26, 2020 and March 30, 2020 (the "Purchase Agreement") among Playgon Interactive Inc. ("Playgon") and each of the shareholders of Playgon (the "Playgon Shareholders"), and certain debentureholders of Playgon (the "Playgon Debentureholders") who have agreed to convert their indebtedness into shares of the Target Company and thereupon sell such shares to Playgon (the "Playgon Transaction").

Playgon, a private British Columbia corporation, is a leading technology innovator in the gaming market that has developed a suite of digital products that bring the fun and entertainment of casinos to casino players, everywhere via their unique and proprietary mobile first interface and the traditional desktop medium. Playgon's value proposition offers the proven appeal of physical casinos, with a suite of interactive live dealer games that appeal to players in a very personal way by giving real human interaction between dealers and players. Playgon's proprietary live dealer technology is designed and flexible to operate in both real money and social gaming verticals. In a live casino game, a human dealer runs the game in real time from a casino gaming table, which can be seen via a live streaming video link. Players can make betting decisions via their mobile device or desktop and can communicate with the dealer in real time via a software interface.

The Purchase Agreement provides that the Company will purchase the outstanding shares of Playgon for a purchase price of CAD$9,500,000, payable by the issuance of 63,333,333 common shares of the Company at an ascribed price of CAD$0.15 per share, being total consideration of CAD$9,500,000. The total consideration provided by the Company will be fixed at 63,333,333 common shares of the Company to be allocated as follows (i) 47,685,243 common shares of the Company to the Playgon Shareholders, and (ii) 15,648,090 common shares of the Company to the Playgon Debentureholders. Such allocations are calculated as of March 31, 2020 and are subject to further adjustment on the allocation between the Playgon Shareholders and the Playgon Debentureholders to reflect any increase in the principal amount of debentures issued by Playgon between the date of execution of the Purchase Agreement and the closing date. On closing, the only indebtedness of Playgon will be $500,000 of short-term debt and $1,321,250 of long-term debt.

The Playgon Transaction will be subject to the satisfaction or waiver of customary terms and conditions for a transaction of this nature, including receipt of all required consents and regulatory approval and completion of a concurrent financing for proceeds of not less than CAD$5,000,000 at an issue price of not less than CAD$0.15 per share. The Playgon Transaction is expected to close on or about June 1, 2020; however, the Company provides no assurance that it will be able to satisfy the conditions precedent necessary to close the Playgon Transaction.

Financial Condition / Capital Resources

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 2019 the Company raised $1,249,985 through the sale of its common shares. The Company incurred a net loss of $2,258,425 (2018 - $7,916,693) has negative working capital of $1,188,205 (2018 negative working capital of $184,578) and accumulated deficit of $23,630,708 (2018 - $21,372,283). The Company recognizes that its 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. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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 audited consolidated financial statements.

Contractual Commitments

The Company must make a payment of US $250,000 to SGC upon the commercial launch of the DFS Product on the OGS Platform and the OGS Network. In addition, the Company will pay to SGC a monthly royalty payment. See also "Marketing Plans and Strategies".

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Changes in Accounting Principles

Effective January 1, 2019 the Company adopted IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases ("IAS 17") and its associated interpretative guidance. There was no significant impact on the Company's consolidated financial statements upon the adoption of this new standard.

On January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"), which superseded IAS 18 – Revenue ("IAS 18"). This had no impact on the Company's recognition of revenue.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of property, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

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) 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.

During fiscal 2019 the Company incurred $616,156 (2018 - $601,054) for compensation to directors and officers and/or their related companies. As at December 31, 2019, $785,536 (2018 - $255,820) remained unpaid and has been included in accounts payable and accrued liabilities. In fiscal 2018 $174,000 was capitalized under intangible assets as the fees were incurred directly for intangible asset development, no compensation was capitalized in 2019.

(b) Transactions with Other Related Parties

During fiscal 2019 the Company incurred legal expenses of $103,881 (2018 - $nil) from Meretsky Law Firm, a law firm of which a director of the Company is a partner. As at December 31, 2019, $42,550 (2018 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

Risk Factors

The Company is a digital entertainment company focused on daily fantasy sports games, social media and advertising and is subject to certain risks. These risks could have a significant impact on the Company's business, revenues, cash flows, earnings financial condition, results of operations and prospects for the future. The following risk factors are not a definitive list of all risk factors associated with the Company's business.

Additional Financing

The Company may need additional financing. The Company's ability to obtain additional financing will depend on investor demand, operating performance, the condition of the capital markets and other factors. If the Company raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of holders of the Company shares, and existing holders of such shares may experience dilution.

Risks Related to Potential Inability to Protect Proprietary Technology

To protect its proprietary technology, the Company will rely principally upon copyright and trade secret protection. All proprietary information that can be copyrighted will be marked as such. There can be no assurance that the steps taken by the Company in this regard will be adequate to prevent misappropriation or independent third-party development of the Company's technology. Further, the laws of certain countries in which the Company anticipates licensing its technologies and products do not protect software and intellectual property rights to the same extent as the laws of Canada. The Company will generally not include in its software any mechanism to prevent or inhibit unauthorized use, but the Company will generally require the execution of an agreement that restricts unauthorized copying and use of its products. If unauthorized copying or misuse of its products were to occur, the Company's business and results of operations could be materially adversely affected.

While the disclosure and use of the Company's proprietary technology, know-how and trade secrets will be generally controlled under agreements with the parties involved, there can be no assurance that all confidentiality agreements will be honored, that others will not independently develop similar or superior technology, that disputes will not arise concerning the ownership of intellectual property, or that dissemination of the Company's proprietary technology, know-how and trade secrets will not occur. Further, if an infringement claim is brought against the Company, litigation would be costly and time consuming, but may be necessary to protect its proprietary rights and to defend itself. The Company could incur substantial costs and diversion of management resources in the defense of any claims relating to the proprietary rights of others or in asserting claims against others. If the Company cannot prevent other companies from infringing on its technologies, it may not achieve profitability and an investor may lose his or her investment.

Risks Related to Potential Intellectual Property Rights Claims

Companies in the Internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. The Company may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent the Company from offering its products and services to others and may require that it procure substitute products or services for these members.

With respect to any intellectual property rights claim, the Company may have to pay damages or stop using technology found to be in violation of a third party's rights. The Company may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase its operating expenses. The technology also may not be available for license to the Company at all. As a result, the Company may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these results could harm the Company's brand and prevent the Company from generating sufficient revenue or achieving profitability.

Risks Related to Uncertainty of Online Fantasy Sports and Gaming

Online, social, causal and mobile gaming is a relatively new industry that continues to evolve. The success of this industry and the Company's DFS business will be affected by future developments in social networks, mobile platforms, legal or regulatory developments (such as the passage of new laws or regulations or the extension of existing laws or regulations to fantasy sports and online gaming activities), data privacy laws and regulations, and other factors that the Company is unable to predict and which are beyond the Company's control.

Potential Changes in Laws and Regulations Relating to the Resulting Issuer's Business

Apart from obtaining a gaming license in Malta with the Malta Gaming Authority, the Company does not anticipate requiring any government approvals to carry out its business plan. However, further licensing may be required as the Company's business matures and enters new markets globally. Legislation regarding fantasy sports is in a state of flux and not uniform. Changes in applicable laws or regulations or evolving interpretations of existing law could, in certain circumstances, result in increased compliance costs or capital expenditures, which could affect the Company's profitability, or impede the Company's ability to carry on its business which could affect its revenues.

Changes in existing gaming regulations or industry standards may hinder or prevent the Company from continuing to operate in those jurisdictions where it intends to carry on business, which would harm its operating results and financial condition. In particular, the enactment of unfavorable legislation or government efforts affecting or directed at fantasy sports, such as taxing or attempts to restrict the content or access to fantasy sports products may have a negative impact on the Company's operations. It cannot be assured that the Company will be able to adequately adjust to such potential changes.

Public opinion can also exert a significant influence over the regulation of the fantasy sports. A negative shift in the public's perception of fantasy sports could affect future legislation in individual jurisdictions. Negative public perception could lead to new restrictions on fantasy sports in jurisdictions in which the Company proposes to operate.

Risks Related to Potential for Regulations that May be Adopted with Respect to the Internet and Electronic Commerce

In addition to regulations pertaining to the fantasy sports and gaming industry, the Company may become subject to any number of laws and regulations that may be adopted with respect to the Internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the Internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the Internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the Internet. The adoption of new laws or regulations relating to the Internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the Internet, decrease the demand for the Company's DFS Product, increase the Company's cost of doing business or could otherwise have a material adverse effect on the Company's business, revenues, operating results and financial condition.

Risks Related to Changing Customer Preferences

The demands of the Company's customers and the end users of the DFS Product and their preferences will be continually changing. In the gaming industry, there is constant pressure to develop and market new game content and technologically innovative products. The Company's revenues will be dependent on the earning power and life span of its DFS Product. The Company will therefore face increased pressure to design and deploy new successful game content to maintain and increase its revenue and remain competitive. The success of newly introduced technology and products will be dependent on customer acceptance of the Company's products.

As a result of changing consumer preferences, many Internet websites are successfully marketed for a limited period of time. Even if the Company's products become popular, there can be no assurance that any of its DFS Product will continue to be popular for a period of time. The Company's success will be dependent upon its ability to develop new and improved product lines. The Company's failure to introduce new features and product lines and to achieve and sustain market acceptance could result in it being unable to continually meet consumer preferences and generate significant revenues.

Competition

The Internet gaming industry is highly competitive. New competitors may enter the Company's key market areas. If the Company is unable to obtain significant early market presence or it loses market share to its competitors, it will materially affect its results of operations and future prospects.

Reliance on Key Personnel and Absence of Key Person Insurance

The Company's future success will depend heavily upon the continuing services of the members of its senior management team. If one or more of its senior executives or other key personnel are unable or unwilling to continue in their present positions, the Company may not be able to replace them easily or at all, and the Company's business may be disrupted and its financial condition and results of operations may be materially and adversely affected. Competition for senior management and key personnel is intense, the pool of qualified candidates is very limited, and the Company may not be able to retain the services of its senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. It is anticipated that the Company will not initially maintain key man insurance on its senior managers. The loss of the services of its senior management team and employees could result in a disruption of operations that could result in reduced revenues.

Reliance on Highly Skilled Personnel

The Company's performance and future success will depend on the talents and efforts of highly skilled individuals. The Company will need to identify, hire, develop, motivate and retain highly skilled personnel for all areas of its organization. Competition in the software industry for qualified employees is intense. The Company's ability to compete effectively will depend on its ability to attract new employees and to retain and motivate existing employees.

As competition in its industry intensifies, it may be more difficult for the Company to hire, motivate and retain highly skilled personnel. If the Company does not succeed in attracting additional highly skilled personnel or retaining or motivating the existing personnel, it may be unable to grow and effectively generate sufficient revenues and achieve profitability.

Risks Relating to Potential Inability to Adapt or Expand Existing Technology Infrastructure to Accommodate Greater Demand for Services

The Company expects that its DFS Product will serve a large number of users and customers. The Company's technology infrastructure will be highly complex and may not provide satisfactory service in the future, especially as the number of customers increases. The Company may be required to upgrade its technology infrastructure to keep up with the increasing demand for its services, such as increasing the capacity of its hardware servers and the sophistication of its software. If the Company fails to adapt its technology infrastructure to accommodate greater demand for services, its users and customers may become dissatisfied with its services and switch to competitors' products, which will prevent the Company from achieving profitability.

Risks Relating to Potential Inability to Develop and Enhance the DFS Product

The markets for the Company's DFS Products will be characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards could render the Company's DFS Product obsolete and unmarketable. It is critical to the success of the Company to be able to anticipate, react and adapt quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. Further, the Company's competitors may adapt to an emerging technology more quickly or effectively than the Company, resulting in the creation of products that are technologically superior to the Company's, more appealing to customers, or both. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing DFS Product, that new products or an enhanced and improved version of the DFS Product will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's DFS Product obsolete.

Reliance on Development and Maintenance of the Internet Infrastructure

The success of the Company's services will depend largely on the development and maintenance of the Internet infrastructure. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security, as well as timely development of complementary products, for providing reliable Internet access and services. The Internet has experienced, and is likely to continue to experience, significant growth in the numbers of users and amount of traffic. The Internet infrastructure may be unable to support such demands. In addition, increasing numbers of users, increasing bandwidth requirements, or problems caused by "viruses", "worms", and similar programs may harm the performance of the Internet. The backbone computers of the Internet have been the targets of such programs. The Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage generally as well as the level of usage of the DFS Product and reduce the Company's revenues.

Risks Related to Potential Interruption or Failure of the Resulting Issuer's Information Technology and Communications Systems

The Company's ability to provide the DFS Product will depend on the continuing operation of its information technology and communications systems. Any damage to or failure of its systems could interrupt its service. Service interruptions could reduce the Company's revenues and profits and damage its brand if its system is perceived to be unreliable.

Risks Related to Potential Inability of Internet Infrastructure to Meet the Demand

The growth of Internet usage has caused frequent interruptions and delays in processing and transmitting data over the Internet. There can be no assurance that the Internet infrastructure or the Company's own network systems will be able to meet the demand placed on it by the continued growth of the Internet, the overall online fantasy sports and gaming industries or of the Company's customers.

The Internet's viability could be affected if the necessary infrastructure is not sufficient, or if other technologies and technological devices eclipse the Internet as a viable channel.

Risks Related to Potential Undetected Errors in the Resulting Issuer's DFS Product

The Company's DFS Product could contain undetected errors or "bugs" that could adversely affect its performance. This could cause the Company to lose market share, damage its reputation and brand name, and reduce its revenues.

Risks Related to Potential Systems, Network Failures or Cyber-Attacks

The Company's operations and databases of business or customer information will be susceptible to outages due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, data privacy or security breaches, denial of service attacks and similar events. The Company's DFS Product will be vulnerable to viruses, malicious software, worms, Trojan horses or spy-ware, which could have a material adverse effect on the Company's business, reputation, operating results and financial condition.

Risks Related to the Recovery of Cash at Bank in Malta

In October 2018, the Company's bank in Malta, Satabank, was directed by the Malta Financial Services Authority (MFSA) to refrain, cease and desist from taking further deposits into the accounts of its current customers. The MFSA also asked Ernst & Young, to take charge of the bank's assets for the purpose of safeguarding the interests of depositors and to assume control of the bank's business. While management is confident that the Company will recover the funds held by Satabank, and are working through the process with the bank to move the funds to a new bank, there is a risk that it may be not able to and the funds may remain frozen. The Company has 46,489 euro (CA$67,220) in two bank accounts at Satabank Dialogue with Satabank is ongoing and the Company anticipates release in full of these funds in 2020.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at December 31, 2019, there were 74,374,005 common shares issued and outstanding. In addition, there were 19,975,730 warrants outstanding at weighted average exercise price of $0.25 per share. The Company granted stock options in 2017 and 2018, including to directors, officers, employees, consultants and adviser, and as at December 31, 2019, there were 2,291,663 valid options outstanding. The stock options are subject to vesting provisions. No stock options were granted in the twelve months ended December 31, 2019.

Subsequent Event – Future Financing

On January 15, 2020, the Company announced a financing transaction of up to 33,333,334 subscription receipts (each, a "Subscription Receipt") at a price of $0.15 per Subscription Receipt for aggregate gross proceeds of up to $5,000,000 (the "Financing"), with an over-allotment option for further proceeds of up to $750,000, the proceeds of which are to be used for working capital and satisfy the financing condition to complete the Playgon Transaction. On April 23, 2020, the Company modified the terms of the Financing to produce that each Subscription Receipt will, without payment of any additional consideration and without further action on the part of the holder thereof, be automatically exercisable into one common share in the capital of the Company and one warrant of the Company (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Company (each, a "Warrant Share") at an exercise price of $0.215 per Warrant Share for 18 months from the escrow release date, subject to acceleration if, at any time between the date that is four months and one day following the closing date of the Financing and the expiry date of the Warrants, the common shares of the Company trade at a closing price of $0.30 or above for a period of 20 consecutive trading days on the TSX Venture Exchange or such other stock exchange where the Company's common shares are listed. The Financing is expected to close on or about June 1, 2020; however, the Company provides no assurance that it will be closed or on the conditions provided herein.

The Company increased its loans by $200,000 subsequent to year end. The loans incur annual interest of 12% and are repayable on demand by the lender.

Subsequent to year end there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economy of all nations for an undeterminable period of time, the extent of which is also uncertain.