

**BY SPORTS
CASTR™**

AN END-TO-END BLOCKCHAIN SOLUTION FOR THE GLOBAL SPORTS INDUSTRY

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BY SPORTSCASTR INTERNATIONAL LTD.

TECHNICAL PEER REVIEW BY INPUT STRATEGIC PARTNERS

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Overview

The sports industry is estimated to generate nearly \$700B annually, not including sports betting which is rapidly growing in popularity both domestically and internationally. This global industry is fueled by over three billion fans, thousands of teams and hundreds of thousands of schools. This industry isn't just large - it's also influential and important. Research indicates that there are "similarities between a fan's identification with a sports team and how people identify with their nationality, ethnicity, even gender... and for some, team identification is both important and powerful to their sense of self."

FanChain is a complete end-to-end blockchain solution that connects the global sports industry and aligns the interests of fans, teams and rights-holders. Its ecosystem includes both back-end infrastructure (including a DApp, payment gateway, wallet and exchange) and consumer-facing applications that will be powered by FanChain from day one. By utilizing this infrastructure, FanChain will be able to be used by all layers of sport, including teams and leagues, venues, retailers, gaming companies and online platforms.

The FanChain token is unique. It provides a framework for fans to be rewarded with team-specific tokens that can be used within the sports ecosystem to which they contribute, and creates a feedback loop that incentivizes fanbases to contribute to the social conversation or add value to the community that they rely on for an optimal sports experience.

Although the amount of FanChain tokens is fixed, trusted third-parties known as "Mints" can change the stamps on the tokens within their possession. Mints are powered by the FanChain DApp which allows third-party entities to distribute FanChain tokens that are stamped with a specific sports team, league or event.

¹ <https://assets.kpmg/content/dam/kpmg/in/pdf/2016/10/The-business-sports.pdf>

² <https://www.psychologicalscience.org/observer/sports-complex-the-science-behind-fanatic-behavior>

The FanChain Solution

Aligns the interests of all stakeholders including fans, leagues, and media in several key areas:



Leagues & Teams Can Engage Fans in New Ways

Teams can acquire, stamp (assuming they are a Mint) and distribute tokens to their fan bases, offer rewards and access to their most engaged fans, and can accept FanChain tokens for merchandise or access.



Fans Are Rewarded for Supporting Their Favorite Teams

Fans earn FanChain tokens for supporting their favorite teams, either offline (eg. acquiring season tickets or merchandise) or online (eg. sharing news, providing commentary and participating in the social conversation of their favorite team(s)). Fans can then use their FanChain tokens to purchase goods, receive rewards, and access content from, for example, leagues, teams and media platforms.



Media & Sports Platforms Can Increase Fan Engagement

Online publishers, OTT platforms and social networks can distribute FanChain tokens to encourage participation and user-generated-content (“UGC”) that increases viewership, revenue and adoption.

The FanChain Ecosystem


The core FanChain ecosystem consists of the FanChain token, Mints, the FanWallet, FanExchange and FanPay. In simplest terms, FanChain works as follows:





A user creates value (eg: content, attendance, participation, a purchase) for a specific sport, team(s), game, league or related event on or for a Mint. Note: The role of a Mint is to categorize “value” and stamp tokens. It cannot issue new tokens - only stamp and distribute tokens that are already in its possession.



The user receives FanChain tokens containing metadata that are “stamped” with the team(s), league(s) or sporting event that the user created content or value for as a reward.

 FanChain token compatible wallets will show a user's total balance of FanChain tokens, and additionally provide a visual breakdown of the stamps that are associated with their tokens.

 This results in content/value-producers being rewarded with FanChain tokens that are unique to their favorite sports, teams, leagues (or other sports-related event).

 Third-parties can then offer staking reward, special discounts, access, digital goods, promotions and features to FanChain users who hold a certain number of stamped tokens of a particular team, league, or other sport related events and organizations.

The FanChain Token: Addressing Team Loyalty Through a Fungible/Non-Fungible Hybrid Token Ecosystem

FanChain tokens are based on the ERC20 standard but also adopts ERC721-style features when they are distributed or accepted within the FanChain ecosystem (including any wallet that adds support for our DApp.)

Similar to the concept of a “colored coin,” FanChain tokens are the synthesis of a fungible token with a non-fungible token. Although the FanChain token is fully ERC20-compliant, its implementation of the ERC20 specification allows for additional information to be stored on a per-address basis. This additional metadata contains the breakdown of an addresses' token balance by team, league or event.

FanChain tokens can be transferred and monitored by any ERC20 compatible wallet without care or concern of the extra metadata (“stamps”), but the extra data associated with each stamped token (e.g. team or league breakdown) becomes visible in FanChain-aware systems.

Storing the stamped-metadata at the address-level, as opposed to the token level (as in the case of ERC721), allows for enhanced functionality. This includes:

Divisibility

Unlike pure ERC721-tokens, FanChain tokens can be decimalized to allow for fine-grain and micro

transactions. FanChain tokens can be transferred and stored as fractions of a token, instead of only in whole-token increments.

Lower Gas Prices

Transfers between addresses do not require a transaction per token, but can be executed using a simple, low-cost group operation (even when transferring team, league or event-specific tokens). This significantly reduces the Gas consumed when using FanChain's DApp. Consequently, transactions only consume slightly more Gas than a basic ERC20 operation, especially when compared to ERC721 bulk transfers.

Fungibility

While FanChain tokens have non-fungible aspects, they are at their core a fungible (ERC20) token. This fungibility allows for existing systems to utilize FanChain tokens without regard for the stamps.

Stamp-Mapping Metadata

FanChain will use an integer-based stamp value in the address-associated metadata. A global list of sports, leagues, teams, and related sports events will be publicly available within FanChain's GitHub account in a dedicated repository. This data will be in the form of a JSON file for broad compatibility and ease of integration into other systems. Modifications and additions to this list will be handled via an open pull/commit process, managed by FanChain, as new items are added or modified by the members of the FanChain ecosystem and community.

Each sport, league, team or event will have a dedicated and immutable numeric identifier assigned to it and each token will be stamped with the corresponding value by a Mint. Addresses will have associated metadata that enables any member of FanChain's ecosystem to identify the balance and stamps of tokens held by that address.

Stamp-Mapping Numbering Schema

The FanChain stamp-mapping numbering scheme will contain multiple levels of granularity which is held in the associated addresses' metadata. The mapping space will be the set of integers from 1,000,000 to 9,999,999,999 (inclusive), allowing for both broad and fine categorization of tokens.

The Stamp-Mapping Numbering Schema will have hierarchical structure with the general format of Major Categorization, Subcategorization, Specific Entity.

The millions and billions digits (1,XXX,XXX to 9,999,XXX,XXX) will be used for categorization for major leagues, sports, or events. For example, all addresses containing FanChain tokens stamped with a value between 1,000,000 and 1,999,999 will be “NBA” related as the value of 1 in the millions place has been assigned to “NBA.”

The thousands places will indicate a sub categorization of the league, sport, or event. For example, all tokens stamped with a value between 1,001,000 and 1,001,999 will be categorized as “NBA : Eastern Conference.” The final three numbers will indicate a specific value associated with a specific team, event or sport. For example, a token stamped 1,001,001 will be categorized as “NBA : Eastern Conference : Celtics.”

The stamped values are intended to be immutable once they have been associated with a team, league or event. The use of numeric values instead of string values allows for changes to the mapping without loss of data. For example, when the WNBA team the “San Antonio Stars” (2,001,005) relocates to Las Vegas in 2018, its stamp value will be unchanged, and only the text in the stamp-mapping JSON file will reflect that the team is now to be displayed in FanChain compatible products as the “Las Vegas Stars”.

The hierarchal formatting allows for members of the FanChain ecosystem to target and reward users in multiple levels of granularity. For example, leagues can reward token holders for participation no matter which specific team or event the tokens are stamped for, but instead for the fact that the tokens are in the league’s numbering space.

Example Stamping Metadata:

Stamp	League / Sport	Conference	Team
	NBA	Eastern Conference	Boston Celtics
1,001,001	1,000,000	1,001,000	1,001,001
	NBA	Western Conference	LA Lakers
1,002,001	1,000,000	1,002,000	1,002,001
	WNBA	Western Conference	San Antonio Stars
2,001,005	2,000,000	2,001,000	2,001,005

FanChain Token Behavior When Used in ERC20 Environments

FanChain tokens can be used, transferred and monitored in standard ERC20 environments such as MyEtherWallet. However, in these instances, stamp metadata will not be visible, nor will they be stripped or able to be changed. Transfers initiated in wallet software clients without FanChain token support will transfer tokens without being able to choose which specifically stamped tokens to use in the transfer.

When Used Within the FanChain Ecosystem

When FanChain tokens are earned or accepted within the FanChain ecosystem, stamps are fully visible and accessible. Users are able to choose which stamped tokens they want to send during transfers, facilitating trades and other features.

Modifying & Stamping FanChain Tokens via Mints

To ensure the integrity of stamps, only Mints will have the ability to distribute new stamps and modify existing stamps. Mints, via a whitelisted origin address, will have access to the DApp that will allow them to modify and transfer FanChain tokens. In addition, we will develop a RESTful API alternative for Mints that will allow for easy integration into existing platforms without requiring a fully token-aware backend.

The Process Works as Follows:

- 1 Any sports team, league or sports-related website, app or media partner that may apply to become a Mint.
- 2 Mints are required to have a vetted process of categorizing value, participation or content that is produced by its fans and/or users.
- 3 Once a Mint is approved, it will have access to functionality that allows it to modify stamps during transfer of FanChain tokens to attendees, participants, and content or value creators.
- 4 As a user produces content or creates value, the Mint will categorize the activity by team and/or league.
- 5 The user will receive FanChain tokens which are stamped with the respective teams or leagues that the user generated value for.
- 6 If a user creates general sports content or value on a Mint that is not related to a particular team or league (or creates value for a team or league that is not currently supported by the Mint), the user may receive FanChain tokens that contains a generic stamp reserved for uncategorized content. These tokens can then be traded on the FanExchange for team-specific tokens if desired.

Looking forward, we may explore additional ways for Mints to come into existence with the goal of being as decentralized as possible while maintaining the integrity of stamped FanChain tokens.

The Utility & Modification of Stamped FanChain Tokens

Third-parties may grant rights and privileges to the bearers of stamped tokens. This opens the door for third-parties to target and reward FanChain token users who hold tokens stamped with a particular team or league.

Example rewards may include:

- 1 Special offers or discounts on team-branded goods
- 2 Discounted access to team games or matches
- 3 Access to special digital content or online promotions
- 4 Access to PPV games or OTT subscriptions

FanWallet

As FanChain tokens are ERC20 compliant, the token will be compatible with and stored on standard Ethereum wallets such as MyEtherWallet. These wallets, however, will not recognize the team stamps.

A FanWallet will be developed that will allow for:

- 1 Visual breakdown of FanChain tokens by team
- 2 Ability for users to select and send team specific tokens
- 3 Ability for users to send specific stamped FanChain tokens to other users
- 4 User will be able to see and consume offers available to those who hold specifically stamped tokens

Crypto-Economic Model

Mints

Mints must acquire FanChain tokens in order to stamp and reward them to their users, participants, attendees, fan bases and value creators. As the popularity of a Mint grows, so will the number of FanChain tokens they require.

Community Growth Pool (“CGP”)

A portion of the tokens (10%) will be reserved for the Community Growth Pool. The Community Growth Pool will encourage early adoption of FanChain. The CGP will be released 33% each year and will be fully distributed by year three. Distribution of the CGP is designed to incentivize value, attendees, participants, producers and engaged users.

Partner Incentive Pool (“PIP”)

A portion of the FanChain tokens (10%) will be reserved in the Partner Incentive Pool. The goal of the PIP is to ensure a successful launch, sustain token health, and reward major partners, including teams, leagues and rights-holders and media companies to utilize or become a Mint, offer rewards to FanChain token holders, and/ or to integrate into the FanChain ecosystem. The PIP will be fully distributed by the end of year three. At the end of year three, any remaining tokens in the PIP will be transferred to the CGP.

Bounty & Rewards

We have structured our bounty rewards and distribution to assist in growth during the launch and formative years of the ecosystem. A portion of the tokens (3%) will be reserved to reward evangelistic users who promote FanChain. One percent of the pool will be reserved for year one; with an additional 2% being issued by year three to support awareness of future enhancements and partnerships.

Token Summary



Token Name: FanChain

Ticker: FANZ

Token Type: ERC20 with ERC721-style characteristics

Company Reserves: 330MM

Maximum tokens minted: 600MM

Decimals: 4

Token Allocation & Distribution

- **Company Reserves:** 330MM
- **CGP:** 60MM Distributed Over 3 Years
- **PIP:** 60MM Distributed Over 3 Years
- **Bounties:** 18MM Distributed Over 3 Years
- **Team:** 120MM (Includes founders, team, advisors and future hires)
- **Buffer:** 12MM

Risk Disclosures

Purchasing FanChain tokens involves a high degree of risk. Prospective purchasers should carefully consider the risks and uncertainties described below, together with all of the other information included in this whitepaper, before purchasing FanChain tokens. If any of the following risks are realized, in whole or in part, the FanChain Ecosystem and/or the value of the FanChain tokens could be materially adversely affected.

The risks and uncertainties described below may not be the only ones FanChain token holders face. Additional risks and uncertainties may also materially adversely affect the FanChain Ecosystem or the value of FanChain tokens. Prospective purchasers are urged to consult with their own investment, legal, tax and/or accounting advisors and/or other consultants prior to purchasing FanChain tokens.

Risk of Insufficient Interest in the FanChain Ecosystem

The token sale may not reach its target sale amount and consequently SportsCastr may not have sufficient participation in the FanChain Ecosystem or funds to execute in whole or in part our business plan with respect to the FanChain Ecosystem.

Risks Associated with the Development, Expansion & Maintenance of the FanChain Ecosystem

A lack of sufficient resources and network size may limit the currently anticipated utility of the FanChain token and adversely affect its value and/or utility. Furthermore, despite our good faith efforts to develop, expand and maintain the FanChain Ecosystem, it is still possible that the FanChain Ecosystem will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the FanChain Ecosystem and the utility of the FanChain tokens.

The FanChain Ecosystem may undergo significant changes over time. Although we intend for the FanChain Ecosystem to have the features and specifications described in the FanChain whitepaper, changes to such features and specifications may be made for any number of reasons, any of which may mean that the FanChain Ecosystem does not meet the expectations of the FanChain token holders. There is no guarantee that other current or future solutions or technology will not render the FanChain Ecosystem and FanChain tokens obsolete. The purchaser

acknowledges that any of its expectations regarding the form and functionality of the FanChain Ecosystem and/or FanChain tokens may not be met for any number of reasons.

Risk of an Unfavorable Fluctuation of Cryptocurrency Value

The proceeds from the sale of the FanChain tokens will be denominated in cryptocurrency, and may be converted into other cryptographic and fiat currencies. If the value of cryptocurrencies fluctuates unfavorably during or after the FanChain token sale, we may not be able to fund the development, expansion and maintenance of the FanChain Ecosystem or we may not be able to develop, expand and maintain the FanChain Ecosystem in the manner that we intended.

Risks Related to Digital Wallets

FanChain tokens will be stored in a wallet that must be accessed with a password selected by the purchaser or by maintaining a private key. A purchaser's failure to maintain an accurate record of his or her password or private key may result in the loss of FanChain tokens. In addition, any errors or malfunctions caused by or otherwise related to a purchaser's digital wallet, including the purchaser's own failure to properly maintain or use such digital wallet, may also result in the loss of FanChain tokens.

Risks Related to Tokens

FanChain tokens may be subject to expropriation and/or theft. Hackers or other malicious groups or organizations may attempt to interfere with the FanChain tokens in a variety of ways including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Ethereum platform rests on open source software, there is the risk that Ethereum Smart Contracts may contain intentional or unintentional bugs or weaknesses that may negatively affect the FanChain tokens or result in the loss of FanChain tokens or the loss of ability to access or control the FanChain tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the FanChain tokens are not guaranteed any remedy, refund or compensation for any such loss.

Risks Associated With the Ethereum Blockchain

Because FanChain tokens and the FanChain Ecosystem are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the FanChain Ecosystem or the FanChain tokens. Moreover, advances in cryptography

or other technical advances could present risks to the FanChain Ecosystem and the FanChain tokens, including their utility in the FanChain Ecosystem, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

Risk of an Uninsured Loss

Unlike insured bank accounts or accounts in other regulated financial institutions, FanChain tokens are uninsured.

Risks Arising From Taxation

The tax characterization of FanChain tokens is uncertain. Your purchase of FanChain tokens may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements. Prior to acquiring FanChain tokens, a prospective purchaser should consult with his/her/its own investment, legal, tax and/or accounting advisors and/or other consultants to determine the potential tax consequences of such a transaction.

Risks Arising From a Lack of Governance Rights

Because the FanChain tokens confer no governance rights of any kind with respect to the FanChain Ecosystem or SportsCastr, all decisions involving our products or services within the FanChain Ecosystem or affecting SportsCastr will be made by us in our sole discretion, including, without limitation, decisions to discontinue our products or services in the FanChain Ecosystem, to create and sell more FanChain tokens for use within the FanChain Ecosystem, or to sell or liquidate SportsCastr. These decisions could adversely affect the FanChain Ecosystem and the utility of the FanChain tokens.

Risks Associated with Uncertain Regulations and Enforcement Actions Related to Distributed Ledger Technology

We have structured the sale of FanChain tokens to comply with current applicable laws and regulations. Our continued operation of the FanChain Ecosystem may, however, be impacted by the adoption of restrictive laws, rules or regulations affecting the use or ownership of digital tokens and our operation of the FanChain Ecosystem.

The regulatory status of FanChain tokens and other crypto tokens is unclear and/or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing

regulations with respect to such technology and its applications, including the FanChain Ecosystem and the FanChain tokens. It is also difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and/or regulations affecting distributed ledger technology and its applications, including the FanChain Ecosystem and FanChain tokens. Regulatory actions could negatively impact the FanChain Ecosystem and the FanChain token changes to the laws or regulations governing such jurisdiction, make it illegal to operate in such jurisdiction or commercially undesirable to operate in such jurisdiction due to the regulatory approvals required in various ways. We could be forced to cease operations in one or more jurisdictions in the event that regulatory actions, or changes to the laws or regulations governing such jurisdiction, make it illegal to operate in such jurisdiction or commercially undesirable to operate in such jurisdiction due to the regulatory approvals required.

Risk That FanChain Tokens May Be Found to Constitute a “Security” Under U.S. (or other) Securities Laws

The U.S. Securities and Exchange Commission (SEC) and other regulators in jurisdictions throughout the world are closely scrutinizing initial coin offerings and have warned that an unregistered sale of crypto tokens can, depending on the circumstances, be an illegal public offering of securities or regulated financial instruments. In the final months of 2017, the SEC filed four enforcement actions against companies participating in these offerings. As noted by the SEC, the issuance of tokens represents a new paradigm that is very fact specific. The FanChain token is a utility token that will have a specific use within the FanChain Ecosystem. Due to the nature of the FanChain tokens, and guidance from regulators on this topic, we do not believe that the FanChain token should be deemed a “security” in any of the jurisdictions where FanChain token will be offered. However, if the FanChain tokens were deemed to be securities by a regulatory agency or court of law, SportsCastr would be required to comply with applicable laws and regulations, which might entail modifying, suspending or cancelling its business plans.

Risk of Litigation

In addition to risks related to potential SEC enforcement action, we may also be subject to private suits brought by aggressive plaintiffs’ attorneys on behalf of investors. The explosion of interest in initial coin offerings and in “blockchain” technology has attracted the plaintiffs’ bar. In late 2017, plaintiffs’ attorneys filed the first private investor class action lawsuits involving these offerings, with more lawsuits subsequently filed or threatened.

While we believe and have taken steps to ensure that our FanChain tokens are not “securities” as defined by the Securities Act, this token offering may be scrutinized by both the SEC and aggressive plaintiffs’ attorneys if FanChain tokens are sold to U.S. purchasers. Any such litigation or regulatory action could result in substantial costs and diversion of resources, even if we are found not to be at fault, and could ultimately prevent us from developing and/or maintaining the FanChain Ecosystem.

Risks Related to Our Ability to Protect Our Intellectual Property

Our failure to adequately protect our intellectual property rights could impair our ability to compete effectively or defend ourselves from litigation, which could harm our business, financial condition, and results of operations, and ultimately prevent us from developing and/or maintaining the FanChain Ecosystem.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and evolving. We cannot assure you that others will not develop or patent similar or superior technologies or solutions, or that our patents, trademarks and other intellectual property will not be challenged, invalidated or circumvented by others. Unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without paying us for doing so, which could harm our business and our ability to develop and maintain the FanChain Ecosystem. Monitoring unauthorized use of our intellectual property is difficult and costly.

Risks related to our Dependence on Key Employees

We depend on our executive officers and other key employees, including our design and technical personnel, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could adversely affect our ability to complete and expand the development of our the FanChain Ecosystem in a timely manner.

Risks of Changes to Government Regulations Affecting Us

We are subject to government regulation, including financial, customer protection, import, export and economic sanctions laws and regulations that may expose us to liability and increase our costs, which could affect our ability to develop and/or maintain the FanChain Ecosystem.

Risks of Foreign Operations

Some portions of our operations might be located outside of the United States, which subjects us to additional risks, including increased complexity, data regulation, costs of managing international operations, geopolitical instability and uncertain legal and regulatory conditions in those countries, which could affect our ability to develop and/or maintain the FanChain Ecosystem.

Risk of Catastrophic Events

In the event of a major earthquake, hurricane or other catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war, terrorist attack or disease outbreak, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our product development, breaches of data security, or loss of critical data, any of which could have an adverse effect on and affect our ability to develop and/or maintain the FanChain Ecosystem.

Risks Related to a Breach of Our Security Systems

A breach of our security systems may damage our reputation and adversely affect our business. Our security systems are designed to protect our customers', suppliers' and employees' confidential information, as well as maintain the physical security of our facilities. We also may rely on a number of third-party cloud-based service providers of corporate infrastructure services relating to, among other things, human resources, electronic communication services and some finance and operational functions, hosting our FanChain Ecosystem for access, and use by our end-users. We are, of necessity, dependent on the security systems of these providers. Any security breaches or other unauthorized access by third parties to the systems of our cloud-based service providers or the existence of computer viruses in their data or software could expose us to a risk of information loss and misappropriation of confidential information. Accidental or willful security breaches or other unauthorized access by third parties to our information systems or facilities, or the existence of computer viruses in our data or software, could expose us to a risk of information loss and misappropriation of proprietary and confidential information. Any theft or misuse of this information could result in, among other things, unfavorable publicity, damage to our reputation, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial

obligations for liabilities and damages related to the theft or misuse of this information, any of which could have an adverse effect on our business, our reputation and our relationships with our customers and suppliers. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until after they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Risks Related to Blockchain Migration

It is possible that SportsCastr may decide to migrate the FanChain token from the Ethereum blockchain to another blockchain network. In the event of a migration, the ERC20 version of FanChain token may lose some or all value but would be redeemable for an equivalent number of FanChain token on the new blockchain. Such a migration may also affect the value of the new FanChain token and impact services in the FanChain ecosystem.

Other Risks

Cryptocurrencies and cryptographic tokens are novel and are based on new and unproven technology. In addition to the risks set forth herein, there are risks that SportsCastr cannot anticipate. Risks may further materialize as unanticipated combinations or variation of the risks set forth above.