

STATEMENT OF EXECUTIVE COMPENSATION

OF

ENTHUSIAST GAMING HOLDINGS INC.

(the “Company”)

For the year ended December 31, 2018

For the purposes of this Statement, “Named Executive Officers” or “NEOs” means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the financial year ended December 31, 2018, served as chief executive officer, including an individual performing functions similar to a chief executive officer (“CEO”) of the Company;
- (b) each individual who, in respect of the Company, during any part of the financial year ended December 31, 2018, served as chief financial officer, including an individual performing functions similar to a chief financial officer (“CFO”) of the Company;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the financial year ended December 31, 2018 whose total compensation was more than \$150,000;
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, as at December 31, 2018.

During the financial year ended December 31, 2018, the Company had three NEOs: namely, Menashe Kestenbaum (CEO), Eric Bernofsky (Chief Operating Officer or the “COO”), and Gadi Levin (CFO).

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s philosophy, objectives and processes regarding compensation paid, made payable, awarded, granted or otherwise provided to each NEO and director for the year ended December 31, 2018.

The compensation committee (the “**Compensation Committee**”) oversees the remuneration policies of the Company. The principal responsibilities of the Compensation Committee include: (i) considering the Company’s overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of the Company’s directors’ and executive officers’ compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Company; and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

The Compensation Committee is currently comprised of Ben Colabrese (Chair), Chris Frostad, and Alan Friedman.

The Company’s principal goal is to create value for its shareholders (the “**Shareholders**”). The Company’s compensation philosophy reflects this goal and is based on the following fundamental principles:

1. compensation programs align with Shareholders’ interests – the Company aligns the goals of executives with maximizing long-term Shareholder value;
2. performance sensitive – compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
3. offer market competitive compensation to attract and retain talent – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing executive officers who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the Company in compensating all NEOs were developed based on the above-mentioned compensation philosophy and are as follows: to attract, motivate and retain highly qualified executive officers; to align the interests of executive officers with Shareholders’ interests by making long-term, equity-based incentives through the granting of stock options and evaluating executive performance on the basis of key measurements that correlate to long-term Shareholder value; and to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Each Element of Compensation and Why the Company Chooses to Pay Each Element

The Company’s compensation program includes discretionary cash bonuses, in addition to base salaries and options (the “**Options**”) to acquire common shares (the “**Common Shares**”) in the capital of the Company. The following table provides a broad overview of the elements of the Company’s compensation program as at the year ended December 31, 2018.

Element	Award Type	Objective	Key Features
Base Salaries	Salary	To provide a basic level of reward based on responsibilities and experience.	Non-discretionary fixed regular cash payments based upon the performance of day-to-day executive level responsibilities
Options	Option-based awards	To reward long-term performance by allowing NEOs to participate in the long-term market appreciation of Common Shares.	Annual and special awards granted at market price and having a term of five years.
Cash Bonuses	Annual non-equity incentive plans	To motivate each NEO in achieving corporate objectives and to reward individual performance.	Cash payments based upon the achievement of corporate objectives and individual performance, subject to final approval by the Company’s board of directors (the “ Board ”)

How the Company Determines the Amount for Each Element

Base Salaries

Base compensation for the NEOs are set periodically, having regard to the individual’s job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience and expertise. Subjective factors such as leadership, commitment and attitude are also considered. The Board and the Compensation Committee considers publicly available information regarding the compensation levels of executives of other gaming companies in setting compensation, but have not established a benchmark group of peers. The Company pays a base salary compensation to retain its executive officers and attempts to pay base compensation near the median of base compensation paid by similarly sized companies in its industry.

Options

Under the compensation program, consideration is given to distributing Options amongst the various organizational levels including employees, directors, officers and consultants. The Compensation Committee of the Company makes recommendations to Board. Recommendations for Options take into account factors such as awards made in previous years, the number of Options outstanding per individual and the individual's level of responsibility. The Company believes that granting Options encourages the maximization of shareholder value by aligning the interests of management with those of the Company's shareholders.

Discretionary Cash Bonuses

As part of the compensation program, cash bonuses are paid at the discretion of the Board on the recommendation of the Compensation Committee, based upon the achievement of certain individual and corporate performance criteria. Cash bonuses awarded at the recommendation of the Compensation Committee are intended to be generally competitive with the market, while rewarding NEOs for meeting performance goals. The Compensation Committee considers not only the Company's performance during the year with respect to the qualitative goals, but also considers market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments and other extenuating circumstances.

The Compensation Committee considers the following factors in determining discretionary cash bonuses: (i) Common Share price performance; (ii) growth in cash flow on a per Common Share basis; (iii) growth in net asset value on a per Common Share basis; (iv) growth in production on a per Common Share basis; (v) debt to cash flow ratios; and (vi) general and administrative costs and operating costs on a per unit production basis.

Risk Assessment and Oversight

Under the compensation program, the Compensation Committee and the Board consider risks associated with executive compensation and does not believe that the Company's executive compensation policies and practices encourage its executive officers to take inappropriate or excessive risks. Aside from a fixed base salary, NEOs are compensated through the granting of Options which is compensation that is both "at risk" and associated with long-term value creation. The value of such compensation is dependent upon shareholder return over the Option vesting period which reduces the incentive for executives to take inappropriate or excessive risks as their long-term compensation is at risk.

Hedging Activities

Executive officers and directors of the Company are not permitted to engage in "short" selling securities of the Company or to buy or sell derivative securities in respect of the Company's securities.

Summary Compensation Table

The compensation paid to the NEOs during the Company's three most recently completed financial years as of December 31, 2016, 2017, and 2018 are set out below and expressed in Canadian dollars unless otherwise noted:

Name and Principal Position(s)	Year Ended Dec 31	Salary Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
MENASHE KESTENBAUM President, CEO, and Director	2018	\$297,583	Nil	\$978,157	Nil	Nil	Nil	\$1,275,740
	2017	\$94,167	Nil	\$59,791	Nil	Nil	Nil	\$153,958
	2016	\$60,270	Nil	\$9,326	Nil	Nil	Nil	\$69,596
ERIC BERNOFSKY COO and Vice-President	2018	\$277,792	Nil	\$499,777	Nil	Nil	Nil	\$777,569
	2017	\$94,167	Nil	\$72,508	Nil	Nil	Nil	\$166,675
	2016	\$47,559	Nil	\$21,479	Nil	Nil	Nil	\$69,038
GADI LEVIN CFO	2018	\$31,308 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	\$31,308
	2017	\$0	Nil	Nil	Nil	Nil	Nil	\$0
	2016	\$0	Nil	Nil	Nil	Nil	Nil	\$0

Notes:

- (1) Based on the amount recorded as Option-based compensation in the Company's audited financial statements for each year, in respect of each NEO. The Company follows the fair value method of accounting for all stock-based compensation arrangements. The values report represent an estimate of the grant date fair value of the Options calculated in accordance with the Black-Scholes option pricing model. Please see the audited annual financial statements of the Company for the years ended December 31, 2016, 2017, and 2018 for details regarding the assumptions underlying these Black-Scholes estimates. The Black-Scholes model is a pricing model that may or may not reflect the actual value of the Options. The Black-Scholes methodology was selected in order to maintain consistency with the Company's prior practice and because it is widely used by Canadian public companies for estimated option-based compensation.
- (2) Amount was paid to a corporation wholly-owned by Gadi Levin.

Narrative Discussion

Further information pertaining to the significant terms of each NEO's executive employment agreements may be found in the "Termination of Employment or Change of Control" section of this Statement.

There was no re-pricing or other significant changes to the terms of any option-based award during the financial year ended December 31, 2018.

Incentive Plan Awards

NEOs Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all option-based awards and share-based awards held by the NEOs which were outstanding as at December 31, 2018.

Named Executive Officer	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
MENASHE KESTENBAUM President, CEO, and Director	539,447	\$0.20	November 18, 2022	\$431,558	Nil	Nil	Nil
	1,080,007	\$0.20	December 31, 2020	\$910,346	Nil	Nil	Nil
ERIC BERNOFSKY COO and Vice-President	491,194	\$0.13	November 18, 2020	\$427,339	Nil	Nil	Nil
	623,078	\$0.20	November 18, 2022	\$498,462	Nil	Nil	Nil
	500,000	\$0.20	December 31, 2020	\$421,454	Nil	Nil	Nil
GADI LEVIN CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated by multiplying the number of Common Shares purchasable on exercise of the Options by the difference between the market price of the Common Shares as at December 31, 2018 and the exercise price of the Options. The closing price of the Company's Common Shares on the TSX Venture Exchange ("TSXV") on December 31, 2018 was \$1.00.

Option Plan

The Company has an incentive stock option plan that provides that the board of directors of the Company may from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers and employees of the Company as well as Management, Company Employees and Consultants (as such terms are defined in the TSXV's Policy 4.4 - *Corporate Finance Manual* as amended from time to time), non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares, exercisable for a period of up to five (5) years from the date of the grant. Pursuant to the Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of grant and the maximum number of Common Shares reserved for issuance in any twelve (12) month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of grant.

The holders of Options will be entitled to the purchase of one Common Shares per one Option held. Options have exercise prices that range from \$0.10 to \$1.25 per Common Share, and expiry dates ranging from November 17, 2020 to November 29, 2024. Options are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect Common Shares.

NEO Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the option-based awards and share-based awards which vested or were earned during the year ended December 31, 2018 for each NEO.

Named Executive Officer	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
MENASHE KESTENBAUM President, CEO, and Director	\$246,347	Nil	Nil
ERIC BERNOFSKY COO and Vice-President	\$284,539	Nil	Nil
GADI LEVIN CFO	Nil	Nil	Nil

Notes:

- (1) Based on the difference between the market price of the Common Shares at the vesting date and the exercise price of the Options. No awards vested to the NEOs of the Company pursuant to the Option Plan during the year ending December 31, 2018.

Narrative Discussion

No NEO had option-based awards which vested during the year ended December 31, 2018. The exercise price and expiry date of each NEOs outstanding option-based awards at December 31, 2018 may be found in the “*NEO Outstanding Option-Based Awards and Share-Based Awards*” section of this Statement.

Pension Plan Benefits

The Company has not established a pension plan, defined benefits plan, defined contribution plan, or any retirement savings program for the NEOs or other employees of the Company.

Deferred Compensation Plan

The Company has not established a deferred compensation plan for the NEOs or other employees of the Company.

Termination of Employment and Change of Control

The Company has entered into employment agreements with certain NEOs. The agreements establish the terms and conditions that will apply during their employment with the Company as well as the terms and conditions that will apply upon termination of their employment.

Menashe Kestenbaum - President, CEO, and Director

Enthusiast Gaming Inc. or “**EGI**” (a wholly-owned subsidiary of the Company) entered into an Employment Agreement with Menashe Kestenbaum dated June 1, 2017 (the “**Kestenbaum Agreement**”), which replaced the previous agreement in place since November 15, 2015. The Kestenbaum Agreement provides that he shall service as President and CEO of Enthusiast. On March 29, 2019, the board of directors increased the salary of Mr. Kestenbaum to \$247,000 with an addition 40% annual incentive bonus effective March 1, 2019.

Mr. Kestenbaum is entitled to receive Options in such amounts as are determined by the Board from time to time and is permitted certain allowances for expenses incurred in connection with his position. The Kestenbaum Agreement may be terminated for just cause by Enthusiast if Mr. Kestenbaum engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast, is subject to a penalty or sanction imposed by a securities or regulatory authority following a proceeding by such authority or materially breaches the agreement. Enthusiast may terminate the Kestenbaum Agreement without just cause provided that it pay to Mr. Kestenbaum 24 months’ base salary based on the base salary paid in the immediate 12 month period, accrued but unused vacation, and his benefits for the earlier of six months or until Mr. Kestenbaum obtains comparable benefits from another source. Mr. Kestenbaum may elect to terminate the agreement within 90 days of the occurrence of a change of control of Enthusiast (as defined in the Kestenbaum Agreement), and upon such election, shall be entitled to the same termination benefits described above. Mr. Kestenbaum is committed to typical non-competition covenants during his employment and for the 12 month period thereafter and typical confidentiality covenants during his employment for the 6 month period thereafter.

Eric Bernofsky – COO and Vice President

EGI entered into an Employment Agreement with Eric Bernofsky dated June 1, 2017 (the “**Bernofsky Agreement**”), which replaced the previous agreement in place since May 1, 2016. Mr. Bernofsky has been appointed Chief Operating Officer and Senior VP Finance. On March 29, 2019, the board of directors increased the salary of Mr. Bernofsky to \$217,000 with an addition 40% annual incentive bonus effective March 1, 2019.

Mr. Bernofsky is entitled to receive Options in such amounts as are determined by the Board from time to time and is permitted certain allowances for expenses incurred in connection with his position. The Bernofsky Agreement may be terminated for just cause by Enthusiast if Mr. Bernofsky engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast, is subject to a penalty or sanction imposed by a securities or regulatory authority following a proceeding by such authority or materially breaches the agreement. Enthusiast may terminate the Bernofsky Agreement without just cause provided that it pay to Mr. Bernofsky 24 months’ base salary based on the base salary paid in the immediate 12 month period, accrued but unused vacation, and his benefits for the earlier of six months or until Mr. Bernofsky obtains comparable benefits from another source. Mr. Bernofsky may elect to terminate the agreement within 90 days of the occurrence of a change of control of Enthusiast (as defined in the Bernofsky Agreement), and upon such election, shall be entitled to the same termination benefits described above. Mr. Bernofsky is committed to typical non-competition covenants during his employment and for the 12 month period thereafter and typical confidentiality covenants during his employment for the 6 month period thereafter.

Gadi Levin - CFO

Mr. Levin does not have a written executive employment agreement with the Company.

Director Compensation

Director Compensation Table

The compensation paid to the directors of the Company (excluding directors who were also a NEO) during the Company's most recently completed financial year as of December 31, 2018 is set out below and expressed in Canadian dollars unless otherwise noted:

Name and Principal Position	Year Ended Dec 31	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
ALAN FRIEDMAN Director	2018	\$156,441	Nil	\$51,384	Nil	Nil	Nil	\$207,825
MEIR BULUA Director	2018	\$79,990 ⁽¹⁾	Nil	\$67,811	Nil	Nil	Nil	\$147,801
CHRIS FROSTAD Director	2018	\$10,500	Nil	\$11,500	Nil	Nil	Nil	\$22,000
BEN COLABRESE Director	2018	\$10,500	Nil	\$11,500	Nil	Nil	Nil	\$22,000

Notes:

- (1) Paid to a company owned by the director.
- (2) Based on the amount recorded as Option-based compensation in the Company's audited financial statements for each year, in respect of each director.

Narrative Description

The rationale for the level of the director compensation under the compensation program is generally the same as the rationale for the compensation policies of the NEOs. The compensation policies are in place to assist the Company in attracting and retaining a team of experienced directors with the aim of enhancing shareholder value.

There was no re-pricing or other significant changes to the terms of any option-based award during the financial year ended December 31, 2018.

Directors Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all option-based awards held by the directors (who are note also NEOs) which were outstanding as at December 31, 2018.

Named Executive Officer	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in- the- money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
ALAN FRIEDMAN Director	553,846	\$0.13	November 18, 2020	\$481,846	Nil	Nil	Nil
	408,773	\$0.20	November 18, 2022	\$327,018	Nil	Nil	Nil
	34,047	\$0.42	October 17, 2022	\$19,747	Nil	Nil	Nil
MEIR BULUA Director	196,923	\$0.13	November 18, 2020	\$171,323	Nil	Nil	Nil
	157,879	\$0.20	November 18, 2022	\$126,303	Nil	Nil	Nil
CHRIS FROSTAD Director	25,000	\$1.25	November 14, 2023	Nil	Nil	Nil	Nil
BEN COLABRESE Director	25,000	\$1.25	November 14, 2023	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated by multiplying the number of Common Shares purchasable on exercise of the Options by the difference between the market price of the Common Shares as at December 31, 2018 and the exercise price of the Options. The closing price of the Company's Common Shares on the TSX Venture Exchange ("TSXV") on December 31, 2018 was \$1.00.

Directors Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the option-based awards and share-based awards which vested or were earned during the year ended December 31, 2018 for each NEO.

Named Executive Officer	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
ALAN FRIEDMAN Director	\$177,400	Nil	Nil
MEIR BULUA Director	\$72,098	Nil	Nil
CHRIS FROSTAD Director	Nil	Nil	Nil
BEN COLABRESE Director	Nil	Nil	Nil

Notes:

- (1) Based on the difference between the market price of the Common Shares at the vesting date and the exercise price of the Options.

Narrative Discussion

No director had option-based awards which vested during the year ended December 31, 2018. The exercise price and expiry date of each director outstanding option-based awards at December 31, 2018 may be found in the “*Director Outstanding Option-Based Awards and Share-Based Awards*” section of this Statement.

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to executive officers or directors during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.