

NOTICE OF ANNUAL AND SPECIAL MEETING
AND
JOINT MANAGEMENT INFORMATION CIRCULAR
OF
J55 CAPITAL CORP.
AND
ENTHUSIAST GAMING HOLDINGS INC.

July 23, 2019

*The matters contemplated by this joint management information circular (this “**Circular**”) are important and require your immediate attention. They require the shareholders (“**J55 Shareholders**”) of J55 Capital Corp. (“**J55**”) and the shareholders (“**Enthusiast Shareholders**”) of Enthusiast Gaming Holdings Inc. (“**Enthusiast Gaming**”) to make important decisions. Please carefully read this Circular, including the appendices hereto, as they contain detailed information relating to, among other things, J55’s Qualifying Transaction (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”)) and the transactions contemplated by the Arrangement Agreement among J55, Enthusiast Gaming and Aquilini GameCo Inc. (“**GameCo**”). If you are in doubt as to how to deal with these materials or the matters they describe, please consult your broker, lawyer or other professional advisor.*

*The board of directors of J55 **UNANIMOUSLY** recommends that J55 Shareholders vote **FOR** the J55 QT Resolution (with the interested directors, namely Francesco Aquilini and Adrian Montgomery, abstaining), the J55 Arrangement Resolution and the other matters to be considered at the upcoming annual and special meeting of J55 Shareholders.*

*The board of directors of Enthusiast Gaming **UNANIMOUSLY** recommends that Enthusiast Shareholders vote **FOR** the Enthusiast Arrangement Resolution and the other matters to be considered at the upcoming annual and special meeting of Enthusiast Shareholders.*

Neither the TSXV nor any securities regulatory authority has in any way passed upon the merits of the Amalgamation or the Arrangement transactions described in this Circular or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence.

Dear Fellow Shareholders,

July 23, 2019

On behalf of the board of directors, I am pleased to provide you with the attached materials relating to the upcoming annual and special meeting of shareholders of Enthusiast Gaming Holdings Inc. ("**Enthusiast Gaming**") to be held on August 26, 2019 at 10:00 a.m. (Toronto time) (the "**Enthusiast Meeting**"). The principal purpose of the meeting is to consider a transformational step in the evolution of the company.

On May 30, 2019, Enthusiast Gaming entered into an arrangement agreement (the "**Arrangement**") with J55 Capital Corp. (TSXV: FIVE) ("**J55**") and Aquilini GameCo Inc. ("**GameCo**"), a private Canadian company, pursuant to which J55 will acquire, by way of plan of arrangement under the *Business Corporations Act* (Ontario), all of Enthusiast Gaming's issued and outstanding common shares in exchange for 4.22 common shares of J55 per Enthusiast share. Given the name recognition of Enthusiast Gaming, J55 will rename itself to Enthusiast Gaming Holdings Inc. upon consummation of the Arrangement.

This transaction will form the leading publicly traded esports and gaming media organization in North America, with reach of over 200 million video game enthusiasts worldwide, through its combined portfolio of seven esports teams (including management of the Vancouver Titans Overwatch League franchise), 40 esports influencers, 85+ gaming media websites, 900+ YouTube and Twitch channels and live events. Further, the combined company will provide \$14.8 million in pro forma revenue (for the fiscal year ended December 31, 2018) and a cash balance of \$44.9 million (as at March 31, 2019).

Since going public in 2018, Enthusiast Gaming has experienced tremendous growth both organically and via acquisition. This transaction with J55 leverages our existing growth and assets to create a larger platform to reach gamers across multiple channels including esports teams, influencers, media websites and live events.

The board of directors of Enthusiast Gaming has determined that the proposed Arrangement is in the best interests of Enthusiast Gaming shareholders after consulting its financial advisors and considering various factors. The board of directors of Enthusiast Gaming received a fairness opinion from Haywood Securities Inc. affirming that the consideration to be paid to the Enthusiast Gaming shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Enthusiast Gaming shareholders. The board has unanimously approved the Arrangement and recommended that Enthusiast Gaming shareholders vote in favour of the Arrangement.

The directors and senior officers of Enthusiast Gaming have entered into voting support agreements with J55, which represent approximately 13% of the issued and outstanding Enthusiast Gaming common shares as of the record date for the Enthusiast Meeting.

Under the terms of the Arrangement, Enthusiast Gaming shareholders will exchange each of their Enthusiast Gaming common shares for 4.22 common shares of J55. Upon exercise of any convertible securities of Enthusiast, holders will be entitled to receive that number of common shares of J55 they would have received had they exercised such securities immediately prior to the completion of the Arrangement.

In order for the Arrangement to be effective, it must be approved by at least 66% of the votes cast by Enthusiast Gaming shareholders present, in person or represented by proxy at the Enthusiast Meeting. The Arrangement is also subject to certain other conditions, including the approval of the Ontario Superior Court of Justice (Commercial List) and certain regulatory approvals.

Following the completion of the Arrangement, J55 will carry on under the name “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSX Venture Exchange (“**TSXV**”) while Enthusiast Gaming will change its name to “Enthusiast Gaming Properties Inc.” and the Enthusiast Gaming common shares will be delisted from the TSXV. Holders of Enthusiast Gaming options, warrants and convertible debentures will continue to be entitled to exercise such convertible securities pursuant to the terms and conditions of their original certificates.

Accompanying this letter, among other things, are the notice of meeting, the information circular, a form of proxy or voting instruction form and a letter of transmittal. Whether or not you are able to attend, we encourage you to ensure that your shares are voted at the Meeting of Enthusiast Gaming. Your vote is important. If you do not plan to be present, your voice can still be heard by completing and sending in your form of proxy. For further details, see “General Proxy Information” in the accompanying circular.

Subject to obtaining court approval and satisfaction or waiver of the conditions to closing, the Arrangement is expected to be completed in early September, 2019.

On behalf of Enthusiast Gaming, I would like to thank all of our shareholders for their continuing support.

Yours very truly,

“Menashe Kestenbaum”

Menashe Kestenbaum
Chief Executive Officer

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J55 CAPITAL CORP.
Suite 830 – 1100 Melville Street
Vancouver, British Columbia V6E 4A6

NOTICE OF ANNUAL AND SPECIAL MEETING OF J55 SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**J55 Meeting**”) of the holders (the “**J55 Shareholders**”) of common shares (each, a “**J55 Share**”) of J55 Capital Corp. (“**J55**”) will be held on August 26, 2019 at the offices of Clark Wilson LLP, Suite 900 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, at 10:00 a.m. (Vancouver time) for the following purposes:

Annual Business

1. to receive the audited annual consolidated financial statements of J55 for the period from the date of incorporation (June 27, 2018) to December 31, 2018 and the report of the auditors thereon;
2. to set the number of directors of J55 for the ensuing year at four (4);
3. to elect Francesco Aquilini, Adrian Montgomery, John Veltheer and Alexander Helmel as the directors of J55 for the ensuing year, to hold office until the earlier of the next annual meeting of the J55 Shareholders, the completion of the Amalgamation (as defined in the accompanying joint management information circular (the “**Circular**”)), or until their successors are elected or appointed;
4. to increase the number of directors of J55 from four (4) to five (5) upon completion of the Amalgamation;
5. to elect Francesco Aquilini, Adrian Montgomery, John Veltheer, Stephen Maida and Michael Beckerman as the directors of J55 upon completion of the Amalgamation to hold office until the earlier of the next annual meeting of the J55 Shareholders, the completion of the Arrangement (as defined in the Circular), or until their successors are elected or appointed;
6. to increase the number of directors of J55 from five (5) to seven (7) upon completion of the Transactions (as defined in the Circular);
7. to elect Francesco Aquilini, Adrian Montgomery, Stephen Maida, Menashe Kestenbaum, Alan Friedman, Ben Colabrese and Michael Beckerman, as the directors of J55 upon the completion of the Arrangement to hold office for the ensuing year, until the next annual meeting of the J55 Shareholders, or until their successors are elected or appointed;
8. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution approving the J55 10% rolling stock option plan for the ensuing year (as more particularly described in the Circular);
9. to appoint MNP LLP as the auditors of J55 for the ensuing year and to authorize the board of directors of J55 (the “**J55 Board**”) to fix the remuneration to be paid to the auditors;

Special Business

10. to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution of the disinterested J55 Shareholders (the “**J55 QT Resolution**”) approving the amalgamation agreement dated May 30, 2019, as amended (the “**Amalgamation Agreement**”),

among J55, Aquilini GameCo Inc. ("**GameCo**") and 11305751 Canada Inc. ("**Newco**"), a wholly-owned subsidiary of J55, involving, among other things, the amalgamation of GameCo and Newco with the surviving company becoming a wholly-owned subsidiary of J55 on the terms and subject to the conditions contained in the Amalgamation Agreement, a copy of which is attached as Appendix 16 to the Circular, substantially in the form of the resolution set forth under the heading "*Particulars of Matters to be Acted upon at the J55 Meeting – J55 Special Business – Approval of the Amalgamation with GameCo*" in the Circular;

11. to consider, and, if deemed advisable, to approve, with or without variation, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated July 22, 2019 (the "**Interim Order**"), a copy of which is attached as Appendix 19 to the Circular, an ordinary resolution (the "**J55 Arrangement Resolution**") approving a plan of arrangement (the "**Arrangement**") and the arrangement agreement dated May 30, 2019 (the "**Arrangement Agreement**") among Enthusiast Gaming, J55 and GameCo, involving, among other things, the acquisition of all of the issued and outstanding common shares of Enthusiast Gaming by J55 on the terms and subject to the conditions contained in the Arrangement Agreement, a copy of which is attached as Appendix 17 to the Circular, substantially in the form of the resolution set forth under the heading "*Particulars of Matters to be Acted upon at the J55 Meeting – J55 Special Business – Approval of the Arrangement with Enthusiast Gaming and GameCo*" in the Circular; and
12. to transact such further or other business as may properly come before the J55 Meeting and any adjournment or postponement thereof.

The Circular provides additional information relating to all of the matters to be dealt with at the J55 Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting (this "**Notice**").

The J55 Board UNANIMOUSLY recommends that J55 Shareholders vote FOR the J55 QT Resolution, the J55 Arrangement Resolution and all of the matters to be considered at the J55 Meeting (with the interested directors, namely Francesco Aquilini and Adrian Montgomery, abstaining with respect to the J55 QT Resolution), and it is the intention of the management designees named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of all resolutions. It is a condition to the closing of the Amalgamation that the J55 QT Resolution be approved at the J55 Meeting and a condition to closing of the Arrangement that the J55 Arrangement Resolution be approved at the J55 Meeting.

The J55 Board has fixed July 17, 2019 as the record date for the determination of J55 Shareholders entitled to notice of and to vote at the J55 Meeting and at any adjournment or postponement thereof. Each registered J55 Shareholder at the close of business on that date is entitled to such notice and to vote at the J55 Meeting in the circumstances set out in the Circular.

Registered J55 Shareholders may attend the J55 Meeting in person or may be represented by a proxy holder. If you are a registered J55 Shareholder and are unable to attend the J55 Meeting in person, please exercise your right to vote by completing, dating, signing and returning the accompanying form of proxy to J55's transfer agent, Computershare Investor Services Inc., of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9, by 10:00 a.m. (Vancouver time) on August 22, 2019 or, if the J55 Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the beginning of any adjournment(s) or postponement(s) thereof. The chair of the J55 Meeting shall have the sole discretion to waive or extend the proxy deadline without notice.

A proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters that may properly come

before the J55 Meeting, or any adjournment(s) or postponement(s) thereof. As of the date hereof, management of J55 know of no amendments, variations or other matters to come before the J55 Meeting other than the matters set forth in this Notice.

If you are a non-registered J55 Shareholder and received this Notice and accompanying materials through an intermediary, please complete and return the materials in accordance with the instructions provided to you by your intermediary.

DATED at Vancouver, British Columbia, this 23rd day of July, 2019.

BY ORDER OF THE BOARD OF DIRECTORS OF J55 CAPITAL CORP.

(Signed) "John Veltheer"
John Veltheer
CFO, Secretary and Director



ENTHUSIAST GAMING HOLDINGS INC.

90 Eglinton Avenue East, Suite 805
Toronto, Ontario
M4P 2Y3

NOTICE OF ANNUAL AND SPECIAL MEETING OF ENTHUSIAST SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Enthusiast Meeting**”) of the shareholders (the “**Shareholders**”) of Enthusiast Gaming Holdings Inc. (“**Enthusiast Gaming**”) will be held at the offices of Stikeman Elliott LLP, located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 on August 26, 2019 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the annual audited consolidated financial statements of Enthusiast Gaming for the fiscal year ended December 31, 2018, together with the auditor’s report thereon;
2. to set the number of directors of Enthusiast for the ensuing year at five (5);
3. to elect the directors of Enthusiast Gaming who will serve until the end of the next annual meeting of Shareholders, as more particularly described under the heading “*Particulars of Matters to be Acted upon at the Enthusiast Meeting – Enthusiast Annual Business – Election of Enthusiast Directors*” in the Circular (as defined below);
4. to appoint MNP LLP as the auditors of Enthusiast Gaming for the ensuing year and to authorize the board of directors of Enthusiast Gaming to fix their remuneration, as more particularly described under the heading “*Particulars of Matters to be Acted upon at the Enthusiast Meeting – Enthusiast Annual Business – Appointment of Auditor*” in the Circular;
5. to consider and, if deemed advisable, to pass an ordinary resolution to approve Enthusiast Gaming’s existing stock option plan, a copy of which is attached as Appendix 25 to this Circular, as more particularly described under the heading “*Particulars of Matters to be Acted upon at the Enthusiast Meeting – Enthusiast Annual Business – Approval of Enthusiast Option Plan*”;
6. to consider, and, if deemed advisable, to approve, with or without variation, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated July 22, 2019 (the “**Interim Order**”), a copy of which is attached as Appendix 19 to the joint management information circular of Enthusiast Gaming and J55 Capital Corp. (“**J55**”) dated July 23, 2019 (the “**Circular**”) a special resolution (the “**Enthusiast Arrangement Resolution**”) approving a plan of arrangement (the “**Arrangement**”) involving the acquisition of all of the issued and outstanding common shares of Enthusiast Gaming by J55, on the terms and subject to the conditions contained in the arrangement agreement dated May 30, 2019 among Enthusiast Gaming, J55 and Aquilini GameCo Inc. (“**GameCo**”), a copy of which is attached as Appendix 17 to the Circular, substantially in the form of the resolution set forth under the heading “*Particulars of Matters to be Acted upon at the Enthusiast Meeting – Enthusiast Special Business – Approval of the Arrangement with J55 and GameCo*” in the Circular; and
7. to transact such further or other business as may properly come before the Enthusiast Meeting or any postponement or adjournment thereof.

This notice is accompanied by the Circular, a letter of transmittal and either a form of proxy for a registered Shareholder or a voting instruction form for a beneficial Shareholder.

Any postponement or adjournment of the Enthusiast Meeting will be held at a time and place to be specified at the Enthusiast Meeting. Only Shareholders of record at the close of business on July 19, 2019 will be entitled to receive notice of and vote at the Enthusiast Meeting. If you are unable to attend the Enthusiast Meeting in person, please complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice. If you are a non-registered Shareholder of Enthusiast Gaming and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Enthusiast Meeting.

Registered Shareholders of Enthusiast Gaming who dissent in respect of the Enthusiast Arrangement Resolution in accordance with Section 185 of the *Business Corporations Act* (Ontario) (the “OBCA”) and pursuant to the Interim Order will be entitled to be paid the fair value of their shares in accordance with Section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. Strict compliance with the provisions of Section 185 of the OBCA, as modified by the provisions of the Interim Order, will be required in order to exercise such rights of dissent. See “Appendix 2 - Information Concerning the Arrangement - Right to Dissent” in the Circular for a summary of the procedure to exercise such rights of dissent, and Appendix 20 thereto for the full text of Section 185 of the OBCA.

If you have any questions about submitting your common shares to the Arrangement, please contact TSX Trust Company, the depositary under the Arrangement, toll free at 1-866-600-5869 or within Canada at 416-342-7091 or by facsimile at 416-361-0470 or by email at tmxeinvestorservices@tmx.com.

DATED this 23rd day of July, 2019.

BY ORDER OF THE BOARD OF DIRECTORS OF ENTHUSIAST GAMING

(Signed) “Alan Friedman”

Alan Friedman
Director and Chairman of the Board

INTRODUCTION

This Circular is furnished in connection with the solicitation of proxies by management of J55 for use at the J55 Meeting, and by management of Enthusiast Gaming for use at the Enthusiast Meeting, and at any respective adjournment(s) or postponement(s) thereof. No Person has been authorized to give any information or make any representation in connection with the Amalgamation or the Arrangement or any other matters to be considered at the J55 Meeting or the Enthusiast Meeting, as applicable, other than as contained in this Circular, and if given or made, any such information or representation must not be relied upon as having been authorized by the J55 Board or the Enthusiast Board, as applicable.

Information contained in this Circular is given as of July 23, 2019, unless otherwise specifically stated. Neither the delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstance, create an implication that there has been no change in the information set forth herein since the date as such information is given in this Circular.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such offer or solicitation is not qualified to do so or to any Person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation.

All summaries of, and references to, the Amalgamation Agreement in this Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement, a copy of which is included at Appendix 16 to this Circular. You are urged to carefully read the full text of the Amalgamation Agreement. All summaries of, and references to, the Arrangement Agreement and the Plan of Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement, respectively, copies of which are included at Appendix 17 to this Circular. You are urged to carefully read the full text of the Arrangement Agreement and the Plan of Arrangement.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth herein under “*Glossary of Terms*”. Details of the Amalgamation are set forth in “*Appendix 1 – Information Concerning the Amalgamation*” and details of the Arrangement are set forth in “*Appendix 2 – Information Concerning the Arrangement*”. For details of the matters to be considered by the J55 Shareholders, see “*Particulars of Matters to be Acted Upon at the J55 Meeting*.” For details of the matters to be considered by the Enthusiast Shareholders, see “*Particulars of Matters to be Acted Upon at the Enthusiast Meeting*.” For information relating to each of the parties to the Transactions, see “*Appendix 3 – Information Concerning J55 Capital Corp.*”, “*Appendix 4 – Information Concerning Aquilini GameCo Inc.*”, “*Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc.*”, and “*Appendix 6 – Information Concerning the Resulting Issuer*”.

INFORMATION CONTAINED IN THE INFORMATION CIRCULAR

Preliminary Information

All information contained in this Circular with respect to GameCo was provided by GameCo for inclusion herein. All information contained in this Circular with respect to Luminosity was provided by Luminosity for inclusion herein. Although neither J55 nor Enthusiast Gaming has any knowledge that any statement contained herein taken from, or based on, such information is untrue or incomplete, none of J55, Enthusiast Gaming or any of their respective directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by GameCo or Luminosity to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information related to the applicable entity.

Forward-Looking Statements

Certain statements and information contained in this Circular constitute forward-looking statements or forward-looking information (collectively “**forward-looking statements**”) within the meaning of Applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as “will”, “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective”, “outlook” or similar words suggesting future outcomes or language suggesting an outlook.

In particular, this Circular contains forward-looking statements with respect to the following:

- the Amalgamation, the obtaining of all required approvals in connection with the Amalgamation, and the completion of the Amalgamation, including approval by the TSXV and the completion of the Luminosity Acquisition;
- the Arrangement, the obtaining of all required approvals in connection with the Arrangement, and the completion of the Arrangement;
- expectations as to the intended business activities of GameCo, Luminosity, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer;
- expectations as to the sources of revenues and future operations, including sponsorship of GameCo, Luminosity, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer;
- expectations regarding the future growth and revenues of the esports industry generally;
- the QT Resulting Issuer and the Resulting Issuer’s anticipated financial performance following completion of the Transactions, as applicable;
- future development and growth prospects;
- expected operating costs, general and administrative costs, costs of services and other costs and expenses of GameCo, Luminosity, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer, including the issuance of GameCo Shares by GameCo to its consultants and to the GameCo Agent;
- the ability of GameCo, Enthusiast Gaming and the Resulting Issuer to meet current and future obligations, including the payment of the requisite compensation by GameCo to Stephen Maida pursuant to the Luminosity SPA;
- the ability of the Resulting Issuer to pay the remainder of the Sims purchase costs; and
- the ability of the QT Resulting Issuer and Resulting Issuer to obtain financing on acceptable terms or at all.

Forward-looking statements in this Circular are based on J55’s and Enthusiast Gaming’s current beliefs as well as assumptions made by, and information currently available to J55 and Enthusiast Gaming regarding, among other things:

- the completion of the Amalgamation, the Arrangement and related matters;
- the listing of the QT Resulting Issuer Share or Resulting Issuer Shares on the TSXV, J55’s ability to satisfy the requirements of the TSXV with respect to the Amalgamation and J55’s and Enthusiast Gaming’s ability to satisfy requirements of the TSXV with respect to the Arrangement;
- the expected success of the operations of GameCo, Luminosity, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer;
- the legislative and regulatory environments of the jurisdictions where the QT Resulting Issuer and Resulting Issuer will carry on business or have operations;
- the impact of competition and the competitive response to the QT Resulting Issuer’s and the Resulting Issuer’s business strategy;
- timing and amount of capital and other expenditures;
- the future growth of the esports industry;
- conditions in financial markets and the economy generally; and

- the QT Resulting Issuer and Resulting Issuer's ability to obtain additional financing on satisfactory terms or at all.

The actual results, performance or achievements of the Resulting Issuer could differ materially from those anticipated in the forward-looking statements contained in this Circular as a result of the risk factors set forth below and under the heading "*Risk Factors*", including, but not limited to:

- failure to complete the Amalgamation or the Arrangement in all material respects in accordance with the Amalgamation Agreement or the Arrangement Agreement, as applicable, or at all;
- failure to realize the anticipated benefits of the Amalgamation or the Arrangement;
- failure of the QT Resulting Issuer and the Resulting Issuer to operate and grow GameCo's, Luminosity's and Enthusiast Gaming's business effectively;
- risks associated with a fixed Exchange Ratio and the Consolidations;
- directors and senior officers of J55 and Enthusiast Gaming may have interests in the Amalgamation and the Arrangement that are different from those of the J55 Shareholders and Enthusiast Shareholders;
- the market price of the J55 Shares and Enthusiast Shares at any given point in time may not accurately reflect the long-term value of J55 and Enthusiast Gaming, respectively;
- the availability of financial resources to fund the QT Resulting Issuer's and the Resulting Issuer's expenditures;
- competition for, among other things, capital reserves and skilled personnel;
- protection of intellectual property;
- third party performance of obligations under contractual arrangements;
- prevailing regulatory, tax and other applicable laws and regulations;
- stock market volatility and market valuations;
- uncertainty in global financial markets; and
- as a result of the Amalgamation, the Arrangement and the corresponding transactions, the voting power of the existing J55 Shareholders and Enthusiast Shareholders will be substantially diluted.

J55 Shareholders and Enthusiast Shareholders are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be inaccurate or incorrect. Accordingly, J55 Shareholders and Enthusiast Shareholders are cautioned that actual results achieved may vary from the information provided herein and any such variations may be material. J55 Shareholders and Enthusiast Shareholders are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by J55 or Enthusiast Gaming that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this Circular are made as of the date of such documents, and J55 and Enthusiast Gaming each undertake no obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Circular and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

Supplemental Disclosure – Non-GAAP Measures

This Circular and certain documents incorporated by reference herein makes reference to certain non-GAAP financial measures to assist in assessing GameCo's financial performance. These non-GAAP measures include references to certain non-GAAP financial performance measures such as EBITDA, subscribers and recurring revenue. Non-GAAP financial measures do not have standard meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Such non-GAAP financial measures should not be considered as an alternative to, or more meaningful than, net income, cash flow from operating activities and other measures of financial

performance as determined in accordance with IFRS as an indicator of performance. For additional information regarding these non-GAAP measures, see the GameCo MD&A included in Appendix 10 to this Circular.

Reporting Currencies and Accounting Principles

In this Circular, all dollar amounts are expressed in Canadian dollars, except as otherwise indicated. References to “\$” or “dollars” are to Canadian dollars.

NOTICE TO UNITED STATES SHAREHOLDERS

ANY SECURITIES OF J55 THAT MAY BE ISSUED AS A RESULT OF THE AMALGAMATION AND THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE AMALGAMATION, THE ARRANGEMENT OR THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The following discussion is only a general overview of certain requirements of U.S. Securities Laws relating to the Arrangement that may be applicable to Enthusiast Shareholders and the holders of Enthusiast Options. Each such securityholder is urged to consult such person's professional advisors to determine the U.S. conditions and restrictions applicable to trades in the J55 Shares and J55 Arrangement Consideration Options issuable pursuant to the Arrangement.

Exemption from U.S. Registration

The J55 Shares and the J55 Arrangement Consideration Options to be issued to Enthusiast Shareholders and holders of Enthusiast Options respectively under the Arrangement and any other transactions contemplated by the Arrangement have not been and will not be registered under the U.S. Securities Act, and are being issued in reliance upon the Section 3(a)(10) Exemption and exemptions provided in respect of the securities laws of states of the United States in which such securityholders reside. The Section 3(a)(10) Exemption exempts from registration a security that is issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court of competent jurisdiction or by a governmental entity expressly authorized by law to grant such approval. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on July 22, 2019, and, subject to the approval of the Arrangement by the Enthusiast Shareholders, a hearing for a Final Order approving the Arrangement is currently scheduled to take place on August 29, 2019 at 9:30 a.m. (Toronto time) in Toronto, Ontario. All Enthusiast Shareholders and holders of Enthusiast Options are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. Accordingly, the Final Order of the Court will, if granted, constitute the basis for the Section 3(a)(10) Exemption with respect to the securities to be issued under the Arrangement. See “Summary – The Arrangement – Court Approval”.

The Section 3(a)(10) Exemption will not be available for the issuance of any J55 Shares that are issuable upon exercise of the J55 Arrangement Consideration Options. Therefore, the J55 Shares issuable upon the exercise of the J55 Arrangement Consideration Options will be “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act, and may be issued only pursuant to an exemption from the

registration requirements of the U.S. Securities Act and applicable state securities laws or following registration under such laws. J55 has no present intention to file a registration statement relating to the issuance of the J55 Shares issuable upon exercise of the J55 Arrangement Consideration Options, and no assurance can be made that J55 will file, or have taken effective steps to file, such registration statements in the future. Prior to the issuance of J55 Shares pursuant to any such exercise or conversion, J55 may require the delivery of an opinion of counsel or other evidence reasonably satisfactory to J55 to the effect that the issuance of such J55 Shares does not require registration under the U.S. Securities Act or applicable state securities laws.

All of the J55 Shares and the J55 Arrangement Consideration Options to be received by Enthusiast Shareholders and the holders of Enthusiast Options, respectively, pursuant to the Arrangement will be freely tradable for purposes of the U.S. Securities Act, except for J55 Shares or the J55 Arrangement Consideration Options received by any Enthusiast Shareholder or holder of Enthusiast Options, respectively, who is, or within the 90 days immediately before such resale will be an “affiliate” (as defined in Rule 144 under the U.S. Securities Act) of J55.

The summary presented in this Circular does not cover resales of any J55 Shares received by any person upon completion of the Arrangement, and no person is authorized to make any use of this Circular in connection with any resale.

See “Appendix 2 – Information Concerning the Arrangement – Securities Law Considerations – U.S. Securities Laws”.

Canadian Circular

J55 and Enthusiast Gaming are “foreign private issuers”, within the meaning of Rule 3b-4 under the U.S. Exchange Act, and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, such solicitation is made in the United States in accordance with Canadian corporate and securities laws and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. J55 Shareholders and Enthusiast Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. The Resulting Issuer Shares are not anticipated to be listed for trading on any United States stock exchange.

IFRS Accounting Principles

Financial statements included or incorporated by reference in this Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, which differs from United States generally accepted accounting principles in certain material respects, and thus they may not be comparable to financial statements of U.S. companies.

Tax Matters

This Circular does not address any tax considerations of the Transactions other than certain Canadian federal income tax considerations to Enthusiast Shareholders or GameCo Shareholders. Completion of the Transactions may have tax consequences under the laws of the United States and any other jurisdiction in which an Enthusiast Shareholder or GameCo Shareholder is subject to tax, and any such tax consequences are not described in this Circular. U.S. and other non-Canadian Enthusiast Shareholders or GameCo Shareholders are urged to consult their own tax advisors to determine any particular tax consequences to them of the transactions completed in connection with the Transactions.

Enforcement of Civil Liabilities

The enforcement by securityholders of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that each of J55 and Enthusiast Gaming are incorporated or organized outside the United States, that some or all of their respective directors and officers and the experts named in this Circular, if any, are not residents of the United States and that all or a substantial portion of their respective assets and the assets of said persons may be located outside the United States. As a result, securityholders in the United States may be unable to effect service of process within the United States upon J55 or Enthusiast Gaming, their respective officers and directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States. In addition, securityholders in the United States should not assume that the courts of Canada: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States.

GLOSSARY OF DEFINED TERMS

In this Circular, the following words and terms shall have the following meanings:

“Acquisition Proposal” means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only Enthusiast Gaming and/or one or more of its wholly-owned subsidiaries, any written offer or proposal from any Person or group of Persons other than J55 (or an affiliate of J55 or any Person acting jointly or in concert with J55) received by Enthusiast Gaming after the date of the Arrangement Agreement relating to: (i) any sale or disposition (or any lease, license or other arrangement having the same economic effect as a sale or disposition) of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Enthusiast Gaming; (ii) any take-over bid, tender offer, exchange offer or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Enthusiast Gaming; or (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, or other similar transaction involving Enthusiast Gaming pursuant to which any Person or group of Persons would own, directly or indirectly, 20% or more of the voting or equity securities of Enthusiast Gaming or of the surviving entity or the resulting direct or indirect parent of Enthusiast Gaming or the surviving entity;

“Affiliate” means a company that is affiliated with another company. A company is an “Affiliate” of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“Amalco” means “Aquilini GameCo Inc.”, or such other name as mutually agreed to by J55 and GameCo, the corporation resulting from the Amalgamation;

“Amalco Shares” means the common shares in the capital of Amalco;

“Amalgamation” means the amalgamation of GameCo and Newco pursuant to Section 181 of the CBCA on the terms and subject to the conditions set out in articles of amalgamation, subject to any amendments or variations thereto made in accordance with the Amalgamation Agreement;

“Amalgamation Agreement” means the amalgamation agreement dated May 30, 2019, as amended, among J55, GameCo and Newco, a copy of which is attached as Appendix 16 to this Circular;

“Amalgamation Closing” means the completion of the Amalgamation, including the issuance of securities of J55 to GameCo securityholders, which shall take place on the Amalgamation Effective Date;

“Amalgamation Closing Date” means the date of the Amalgamation Closing;

“Amalgamation Effective Date” means the date shown on the Certificate of Amalgamation;

“Amalgamation Effective Time” means the earliest moment in time (Toronto time) on the Amalgamation Effective Date, or such other time as the Parties agree to in writing before the Amalgamation Effective Date;

“Applicable Securities Laws” means the securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time in the Provinces of Ontario, Alberta and British Columbia;

“Arrangement” means the arrangement transaction among J55, GameCo and Enthusiast Gaming to be completed on the terms and conditions of the Arrangement Agreement;

“Arrangement Agreement” means the arrangement agreement dated May 30, 2019 among J55, GameCo and Enthusiast Gaming, a copy of which is attached as Appendix 17 to this Circular;

“Arrangement Closing” means the completion of the Arrangement, including the issuance of securities of J55 to Enthusiast Shareholders, which shall take place on the Arrangement Effective Date;

“Arrangement Closing Date” means the date of the Arrangement Closing;

“Arrangement Directors” has the meaning ascribed to that term in *“Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Annual Business – Election of J55 Directors”*;

“Arrangement Effective Date” means the date shown on the Certificate of Arrangement;

“Arrangement Effective Time” means 12:01 a.m. (Toronto time) on the Arrangement Effective Date, or such other time as the Parties agree to in writing before the Arrangement Effective Date;

“Arrangement Final Exchange Bulletin” means the bulletin which is issued by the TSXV following the the Arrangement Closing and the submission of all documents required under the TSXV Policies, which evidences the final TSXV acceptance of the Arrangement;

“Articles of Arrangement” means the articles of arrangement of Enthusiast Gaming in respect of the Arrangement required by the OBCA to be sent to the OBCA Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably;

“Associate” when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, or (d) in the case of a Person who is an individual, a relative of that Person including: (i) that Person’s spouse or child, or (ii) any relative of the Person or of his spouse who has the same residence as that Person, but (e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D of the TSXV Policies with respect to that Member firm, Member corporation or holding company;

“BCBCA” means the *Business Corporations Act* (British Columbia), and the regulations thereunder, as amended from time to time;

“BDC” means Business Development Bank of Canada;

“BDC Loan” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Prior to Qualifying Transaction – BDC Loan Financing”*;

“Beneficial Holders” means J55 Shareholders or Enthusiast Shareholders, as the context requires, who do not hold their J55 Shares or Enthusiast Shares, as applicable, in their own name;

“Bridge Loan” means the \$10,000,000 bridge loan extended by GameCo to Enthusiast Gaming with all principal and unpaid interest due and payable by Enthusiast Gaming to GameCo on the earlier of (i) June 20, 2020, and (ii) the date of the Arrangement Closing);

“Broadridge” means Broadridge Financial Solutions, Inc.;

“Business Day” means any day on which commercial banks are generally open for business in Toronto, Ontario other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario;

“Cash Fee” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Tova Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“CBCA” means the *Canada Business Corporations Act*, and the regulations thereunder, as amended from time to time;

“CBCA Director” means the Director appointed under Section 260 of the CBCA;

“CEO” means Chief Executive Officer;

“Certificate of Amalgamation” means the certificate of amalgamation to be issued by the CBCA Director in respect of the Amalgamation in accordance with Subsection 185(4) of the CBCA;

“Certificate of Arrangement” means the certificate of arrangement to be issued by the OBCA Director in accordance with Subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

“CFO” means Chief Financial Officer;

“Circular” means this joint management information circular, together with all Appendices hereto, to be distributed to the J55 Shareholders and the Enthusiast Shareholders, in connection with the J55 Meeting and the Enthusiast Meeting;

“Closing” means the Amalgamation Closing and the Arrangement Closing, together;

“company” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

“Consulting Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – History – Luminosity”*;

“Consolidations” means the First Consolidation and the Second Consolidation, together;

“Control Person” means any Person that holds, or is one of a combination of Persons that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“COO” means Chief Operating Officer;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“CPC” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with TSXV Policy 2.4, and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"CPM" has the meaning ascribed to that term in *"Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business – Digital Media Publishing – Programmatic Media Value Chain"*;

"CRA" means the Canada Revenue Agency;

"CRM" means Customer Relationship Management;

"Current Directors" has the meaning ascribed to that term in *"Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Annual Business – Election of J55 Directors"*;

"Depository" means TSX Trust Company, or such other Person as Enthusiast Gaming and J55 agree in writing to appoint to act as, and in its capacity as, depository in relation to the Arrangement.

"Designated Persons" means the management designees named as proxyholders in the enclosed forms of proxy for J55 and Enthusiast Gaming, as applicable;

"DFPs" has the meaning ascribed to that term in *"Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business – Digital Media Publishing – Programmatic Media Value Chain"*;

"DSPs" has the meaning ascribed to that term in *"Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business – Digital Media Publishing – Programmatic Media Value Chain"*;

"Dissenting Non-Resident Holder" has the meaning given to it in *"Appendix 2 – Information Concerning the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders not Resident in Canada"*;

"Dissenting Resident Holder" has the meaning given to it in *"Appendix 2 – Information Concerning the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*;

"Dissent Rights" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

"Domi Consultants" has the meaning given to it in *"Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – Domi Consulting Agreement"*;

"Domi Consulting Agreement" has the meaning given to it in *"Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – Domi Consulting Agreement"*;

"Domi Shares" has the meaning given to it in *"Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – Domi Consulting Agreement"*;

"DRS" means direct registration statement;

"eCPM" has the meaning ascribed to that term in *"Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business – Digital Media Publishing – Programmatic Media Value Chain"*;

“EGI” means Enthusiast Gaming Inc., a company incorporated under the laws of Ontario, and a wholly-owned subsidiary of Enthusiast Gaming;

“EGI Additional Warrant” means a warrant that will be issued to those subscribers who participated in the EGI Second Common Share Round and are issued if EGI failed to complete a go-public transaction within 12 months following the closing date of the subscriber’s investment in EGI, each EGI Additional Warrant would entitle the holder thereof to purchase one EGI Share for \$0.47;

“EGI Agents” means the EGI Co-Lead Agents, together with Interward Asset Management Ltd and PowerOne Capital Markets Limited;

“EGI Agents’ Option” means the option granted by EGI to the EGI Agents, providing notice to EGI at any time up to 48 hours prior to the EGI Brokered Financing Closing Date, to increase the size of the Brokered Offering by selling an additional 800,000 EGI Subscription Receipts for additional gross proceeds to EGI of up to \$1,000,000;

“EGI Amalco” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Tova’s Qualifying Transaction”*;

“EGI Amalco Share” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Tova’s Qualifying Transaction”*;

“EGI Amalgamation” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Tova’s Qualifying Transaction”*;

“EGI Amalgamation Agreement” means the amalgamation agreement among EGI, Tova, and Tova Ventures Sub dated June 11, 2018, as amended July 30, 2018, providing for, among other things, the Tova Amalgamation;

“EGI Brokered Financing” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”* and means the brokered private placement of 6,189,300 EGI Subscription Receipts at \$1.25 per EGI Subscription Receipt led by the EGI Agents for aggregate gross proceeds of \$7,736,625;

“EGI Brokered Financing Closing Date” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Broker Warrants” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Board” means the board of directors of EGI as the same is constituted from time to time;

“EGI Class “A” Liquidity Units” means the units issued by Enthusiast Gaming at a price of \$0.197467 per unit, consisting of one EGI Class “A” Preferred Share, one-fifth (1/5) of one EGI Class “A” Warrant, and one-quarter (1/4) of one EGI Class “A” Liquidity Warrant;

“EGI Class “A” Liquidity Warrant” means a warrant to purchase one EGI Class “A” Preferred Share for \$0.0001, if a liquidity event (as defined in the terms of the EGI Class “A” Liquidity Warrant) did not occur on or prior to December 29, 2018;

“EGI Class “A” Preferred Shares” means the EGI Class “A” Preferred Shares in the capital of EGI, issued at a price of \$0.197467 per share which shares have been subsequently converted to Enthusiast Shares;

“EGI Class “A” Round” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Prior to Qualifying Transaction – EGI Class “A” Round Financing”*;

“EGI Class “A” Unit” means the units issued by Enthusiast Gaming at a price of \$0.197467 per unit, consisting of one EGI Class “A” Preferred Share and one-fifth (1/5) of one EGI Class “A” Warrant;

“EGI Class “A” Warrant” means a share purchase warrant issued by Enthusiast Gaming entitling the holder thereof to purchase one EGI Class “A” Preferred Share for \$0.197467 per share and such EGI Class “A” Warrants have been amended to entitle the purchase thereof to purchase one (1) Enthusiast Share at \$0.197467, which were converted to Enthusiast Warrants upon completion of the EGI Amalgamation;

“EGI Co-Lead Agents” means Haywood Securities Inc. and Canaccord Genuity Corp.;

“EGI Concurrent Financing” means the EGI Brokered Financing and the EGI Non-Brokered Financing;

“EGI Corporate Finance Fee Fee” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Escrow Agent” means TSX Trust Company;

“EGI Escrowed Funds” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Escrowed Proceeds” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Final Exchange Bulletin” means the TSXV bulletin issued on October 2, 2018 that evidences the final acceptance of the EGI Amalgamation by the TSXV;

“EGI Financing Unit” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGI Non-Brokered Financing” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with EGI Amalgamation”*;

“EGI Options” means options to purchase EGI Shares, which were converted to Enthusiast Options to purchase Enthusiast Shares upon completion of the EGI Amalgamation;

“EGI Second Common Share Round” has the meaning ascribed to it in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Prior to EGI Amalgamation – EGI Second Common Share Round Financing and EGI Share Conversion”*;

“EGI Shareholders” means, at any time, the holders of EGI;

“EGI Shares” means common shares in the authorized share structure of EGI;

“EGI Subscription Receipt Agreement” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with EGI Amalgamation”*;

“EGI Subscription Receipt Agent” means TSX Trust Company, as subscription receipt agent appointed pursuant to the terms of the EGI Subscription Receipt Agreement;

“EGI Subscription Receipts” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with EGI Amalgamation”*;

“EGI Underlying Share” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with EGI Amalgamation”*;

“EGI Underlying Warrant” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with EGI Amalgamation”*;

“EGI Units” means the units consisting of one EGI Share, one EGI Warrant exercisable at \$0.58, and the conditional entitlement of the subscriber to its proportionate share of EGI Additional Warrants;

“EGI USA” means the unanimous shareholders’ agreement entered into among the EGI Shareholders and EGI, as of August 31, 2016 and as amended and restated as of November 28, 2017;

“EGI Warrants” as the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – EGI Amalgamation with Tova – Financings Concurrent with Tova’s Qualifying Transaction”*;

“EGLive” means Enthusiast Gaming Live Inc., a corporation incorporated under the laws of Ontario, and a wholly-owned subsidiary of Enthusiast Gaming;

“EGLX” or the **“Expo”** has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business”*;

“EGMI” means Enthusiast Gaming Media Inc., a corporation incorporated under the OBCA;

“EGMI (US)” means Enthusiast Gaming Inc., a corporation incorporated under the laws of the state of Delaware;

“Eligible Charitable Organization” has the meaning ascribed to that term in the TSXV Policies;

“Enthusiast Arrangement Resolution” means the special resolution of the Enthusiast Shareholders approving the Arrangement to be considered at the Enthusiast Meeting, substantially in the form set forth in *“Particulars of Matters to be Acted Upon at the Enthusiast Meeting – Enthusiast Special Business – Approval of the Arrangement with J55 and GameCo”*;

“Enthusiast Board” means the board of directors of Enthusiast Gaming as the same is constituted from time to time;

“Enthusiast Change in Recommendation” has the meaning ascribed to that term in *“Appendix 2 – Information Concerning the Arrangement – The Arrangement Agreement – Termination”*.

“Enthusiast Debentures” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Following Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Debentures”*;

“Enthusiast Debenture Compensation Warrants” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Following Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Debentures”*;

“Enthusiast Debenture Offering” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Following Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Debentures”*;

“Enthusiast Debenture Units” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Following Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Debentures”*;

“Enthusiast Debenture Warrants” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Financings Following Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Debentures”*;

“Enthusiast Gaming” means Enthusiast Gaming Holdings Inc., a corporation incorporated under the laws of Ontario;

“Enthusiast Fairness Opinion” means the opinion of Haywood to the effect that, as of the date of the Arrangement Agreement, the consideration to be received by the Enthusiast Shareholders under the Arrangement Agreement is fair, from a financial point of view, to the Enthusiast Shareholders;

“Enthusiast Meeting” means the annual and special meeting of the Enthusiast Shareholders to be held at 10:00 am (Toronto time) on August 26, 2019, including any adjournment(s) or postponement(s) thereof;

“Enthusiast Options” means the outstanding options to purchase Enthusiast Shares granted under or otherwise subject to the Enthusiast Stock Option Plan;

“Enthusiast Shareholders” means, at any time, the holders of Enthusiast Shares;

“Enthusiast Shares” means common shares in the authorized share structure of Enthusiast Gaming;

“Enthusiast Stock Option Plan” means the stock option plan of Enthusiast Gaming approved by the Enthusiast Board on June 30, 2017, as amended from time to time, and copy of which is set forth at Appendix 25;

“Enthusiast Support Agreements” means the voting support agreements between J55 and each of Alan Friedman, Ben Colabrese, Christopher Frostad, Eric Bernofsky, Meir Bulua, Gadi Levin and Menashe Kestenbaum;

“Enthusiast Supporters” means the Enthusiast Shareholders that are parties to the Enthusiast Support Agreements;

“Enthusiast Transfer Agent” means TSX Trust Company, the transfer agent of Enthusiast Gaming;

“Enthusiast Warrants” means the currently issued and outstanding common share purchase warrants and/or compensation options of Enthusiast Gaming, which for greater certainty includes the Entrepreneur Warrants;

“Entrepreneur Warrants” means the 1,580,007 common share purchase warrants to purchase Enthusiast Shares held by Menashe Kestenbaum, at an exercise price of \$0.197467, exercisable upon the completion of certain milestones by Enthusiast Gaming, and such milestones have been met;

“ESA” means the Entertainment Software Association of Canada;

“Escrow Release Conditions” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“Escrow Release Deadline” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“Exchange Ratio” means, for each Enthusiast Share, 4.22 post-First Consolidation J55 Shares, subject to adjustment pursuant to the Arrangement Agreement;

“Final Exchange Bulletin” means, as applicable, the QT Final Exchange Bulletin or the Arrangement Final Exchange Bulletin;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Arrangement Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to the Parties, each acting reasonably) on appeal;

“First Consolidation” means the consolidation of the J55 Shares on the basis of one post-First Consolidation J55 Share for each 1.25 issued and outstanding pre-First Consolidation J55 Share, to be effected prior to the Amalgamation Closing;

“GAAP” means accounting principles generally accepted in Canada applicable to public companies at the relevant time;

“GameCo” means Aquilini GameCo Inc., a corporation incorporated under the laws of Canada;

“GameCo Agency Agreement” means the agency agreement dated March 20, 2019, among GameCo, J55 and the GameCo Agent, in respect of the sale of GameCo Subscription Receipts pursuant to the GameCo Subscription Receipt Offering;

“GameCo Agent” means Canaccord Genuity Corp.;

“GameCo Agent’s Fee” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“GameCo Agent’s Shares” means a maximum of 2,460,020 GameCo Shares payable to the GameCo Agent under the GameCo Agency Agreement;

“GameCo Board” means the board of directors of GameCo;

“GameCo Debenture Offering” means the brokered private placement of an aggregate principal amount of \$10,000,000 in GameCo Debentures which was completed on June 19, 2019. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Debenture Offering”*;

“GameCo Debentures” means the unsecured convertible debentures of GameCo in the aggregate principal amount of \$10,000,000 which have a maturity date of June 30, 2020, bear interest at a rate of 8.0% per annum in the event the Arrangement is not completed by the maturity date, that are convertible into GameCo Shares at a conversion price of \$0.45 per share at the option of the holder on the date of satisfaction of the Escrow Release Conditions, and which will automatically convert into J55 Shares at a conversion price of \$0.45 per share upon the Arrangement Closing;

“GameCo Founders Offering” means the private placement of GameCo Shares which closed on September 28, 2018 pursuant to which GameCo issued an aggregate of 102,000,000 GameCo Shares at a price of \$0.005 each for gross proceeds of \$5,100,000;

“GameCo Option Plan” means the stock option plan which was adopted by the GameCo Board on May 27, 2019;

“GameCo Options” means the options to purchase GameCo Shares issued by GameCo and outstanding on the Amalgamation Effective Date, each GameCo Option being exercisable for one GameCo Share;

“GameCo Private Placement Offering” means the private placement of GameCo Shares which closed on October 10, 2018 pursuant to which GameCo issued an aggregate of 57,011,500 GameCo Shares at a price of \$0.10 each for gross proceeds of \$5,701,150;

“GameCo Resolution” means the special resolution of the GameCo Shareholders to approve the Amalgamation and the Amalgamation Agreement, substantially in the form set out at Schedule D to the Amalgamation Agreement;

“GameCo Shareholders” means, at any time, the holders of GameCo Shares;

“GameCo Shares” means common shares in the authorized share structure of GameCo;

“GameCo Subscription Receipt Agreement” means the subscription receipt agreement dated March 20, 2019, between GameCo, the GameCo Agent and Computershare Trust Company of Canada, as subscription receipt agent, which agreement governs the GameCo Subscription Receipts. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“GameCo Subscription Receipt Offering” means the brokered private placement of 83,334,000 GameCo Subscription Receipts at a price of \$0.30 per GameCo Subscription Receipt which was completed on March 20, 2019 and raised gross proceeds of \$25,000,200. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“GameCo Subscription Receipts” means the subscription receipts of GameCo issued as part of the GameCo Subscription Receipt Offering at an issue price of \$0.30 per GameCo Subscription Receipt, each GameCo Subscription Receipt being convertible into one GameCo Share prior to the Amalgamation Effective Time. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*;

“GameCo Warrants” means 2,181,690 broker warrants, each exercisable until October 10, 2020 to acquire one GameCo Share at an exercise price of \$0.10 per GameCo Share, issued and outstanding as of the date of the Amalgamation Agreement;

“Haywood” means Haywood Securities Inc.;

“Hexagon” means Hexagon Games Corp., a company incorporated under the laws of Ontario, and a wholly-owned subsidiary of Enthusiast Gaming;

“Holder” means a Beneficial Holder or a Registered Shareholder, as the case may be;

“IFRS” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer,
- (b) a director or senior officer of a company that is an insider or subsidiary of the issuer,
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or
- (d) the issuer itself if it holds any of its own securities;

“Interim Order” means the interim order of the Court made in connection with the Arrangement and providing for, among other things, the calling and holding of the Enthusiast Meeting, as the same may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably), a copy of which is attached as Appendix 19 to this Circular;

“Inventory” has the meaning ascribed to that term in *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of the Business – General Description of the Business – Digital Media Publishing”*;

“J55” means J55 Capital Corp., a CPC incorporated under the laws of British Columbia;

“J55 Agent’s Warrants” means 400,000 agent’s warrants, each exercisable until December 12, 2020 to acquire one J55 Share at an exercise price of \$0.10 per J55 Share, which J55 Agent’s Warrants will be consolidated into 40,000 J55 Agent’s Warrants each exercisable into one post-Consolidations J55 Share at \$1.00 per share until December 12, 2020;

“J55 Amalgamation Consideration Debentures” means the convertible debentures of J55 in the aggregate principal amount of \$10,000,000 to be issued by J55 upon the Amalgamation Closing to the applicable holders of the GameCo Debentures, with the J55 Amalgamation Consideration Debentures convertible into pre-Second Consolidation J55 Shares at a conversion price of \$0.45 per share at the option of the holder on the date of satisfaction of the Escrow Release Conditions and which will automatically convert into pre-Second Consolidation J55 Shares at a conversion price of \$0.45 per share upon the Arrangement Closing;

“J55 Amalgamation Consideration Options” means the 9,900,000 post-First Consolidation options to purchase J55 Shares to be issued upon the Amalgamation Closing to the holders of the GameCo Options, with each J55 Amalgamation Consideration Option exercisable into one post-First Consolidation J55 Share on equivalent terms as the GameCo Options, which J55 Amalgamation Consideration Options will be consolidated into 1,237,500 J55 Amalgamation Consideration Options following the Second Consolidation;

“J55 Amalgamation Consideration Shares” means the 312,488,743 post-First Consolidation J55 Shares to be issued upon the Amalgamation Closing at a deemed price of \$0.30 per post-First Consolidation J55

Share to the GameCo Shareholders pursuant to the Amalgamation Agreement, which J55 Amalgamation Consideration Shares will be consolidated into 39,061,091 J55 Shares following the Second Consolidation;

“J55 Amalgamation Consideration Warrants” means the 2,181,690 post-First Consolidation common share purchase warrants to be issued by J55 upon the Amalgamation Closing to the holders of the GameCo Warrants, with each J55 Consideration Warrant exercisable into one post-First Consolidation J55 Share on equivalent terms as the GameCo Warrants, which J55 Amalgamation Consideration Warrants will be consolidated into 272,711 warrants following the Second Consolidation;

“J55 Amalgamation Support Agreements” means the voting support agreements between J55, GameCo and each of Francesco Aquilini, Roberto Aquilini, Adrian Montgomery, John Veltheer, and Alexander Helm;

“J55 Arrangement Consideration Options” means the 2,397,632 post-Consolidations options to purchase J55 Shares to be issued upon the Arrangement Closing to the holders of the Enthusiast Options, with each J55 Arrangement Consideration Option exercisable into one post-Consolidations J55 Share on equivalent terms as the Enthusiast Options;

“J55 Arrangement Consideration Shares” means the 26,899,269 post-Consolidations J55 Shares to be issued upon the Arrangement Closing to the Enthusiast Shareholders pursuant to the Arrangement Agreement;

“J55 Arrangement Resolution” means the ordinary resolution of the J55 Shareholders to approve the Arrangement and the Arrangement Agreement and in connection therewith the issuance of the J55 Arrangement Consideration Shares and the J55 Arrangement Consideration Options, substantially in the form set forth in *“Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Special Business – Approval of the Arrangement with Enthusiast and GameCo”*;

“J55 Arrangement Support Agreements” means the voting support agreements between Enthusiast Gaming and each of Francesco Aquilini, Roberto Aquilini, Adrian Montgomery, John Veltheer, and Alexander Helm;

“J55 Arrangement Underlying Shares” means the J55 Shares issuable to holders of J55 Arrangement Consideration Options, Enthusiast Debentures and Enthusiast Warrants, as applicable, on conversion, redemption or exercise of such J55 Arrangement Consideration Options, Enthusiast Convertible Debentures and Enthusiast Warrants, as applicable, in accordance with their respective terms following the Arrangement Closing;

“J55 Board” means the board of directors of J55, as constituted from time to time;

“J55 Charitable Options” means options to acquire J55 Shares issued to Eligible Charitable Organizations;

“J55 Convertible Securities” means, collectively, the J55 Options, the J55 Charitable Options and the J55 Agent’s Warrants;

“J55 Disinterested Shareholders” means the holders of J55 Shares who are not “interested parties,” as that term is defined in MI 61-101, in respect of the Amalgamation Agreement;

“J55 CPC Escrow Agent” means Computershare Trust Company of Canada, the escrow agent of J55 under the J55 CPC Escrow Agreement;

"J55 CPC Escrow Agreement" means the escrow agreement dated July 23, 2018 among J55, the CPC Escrow Agent and certain J55 Shareholders in respect of the J55 CPC Escrow Shares. See *"Appendix 3 - Information Concerning J55 Capital Corp. – Escrowed Securities"*;

"J55 CPC Escrow Shares" means the 15,160,000 J55 Shares that are currently held in escrow pursuant to the J55 CPC Escrow Agreement;

"J55 IPO" means the initial public offering of the J55 Shares which was completed on December 12, 2018;

"J55 Meeting" means the annual and special meeting of the J55 Shareholders to be held at 10:00 am (Vancouver time) on August 26, 2019, including any adjournment(s) or postponement(s) thereof;

"J55 Option Plan" means the stock option plan which was adopted by the J55 Board on July 23, 2018, as amended July 9, 2019, and will be presented to J55 Shareholders for approval at the J55 Meeting, a copy of which is set forth at Appendix 23;

"J55 Options" means options to acquire J55 Shares issued to directors, officers, employees or consultants of J55;

"J55 Preferred Shares" means the preferred shares in the capital of J55;

"J55 QT Escrow Agreement" has the meaning given to it in *"Appendix 6 – Information Concerning the Resulting Issuer – Escrowed Securities – J55 QT Escrow Agreement"*;

"J55 QT Resolution" means the ordinary resolution of the J55 Disinterested Shareholders to approve the Amalgamation and the Amalgamation Agreement and in connection therewith the issuance of the J55 Amalgamation Consideration Shares, the J55 Amalgamation Consideration Options, the J55 Amalgamation Consideration Warrants, the J55 Amalgamation Consideration Debentures and the other securities issuable pursuant to the Amalgamation Agreement, substantially in the form set forth in *"Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Special Business – Approval of the Amalgamation with GameCo"*;

"J55 Shareholders" means, at any time, the holders of J55 Shares;

"J55 Shares" means common shares in the authorized share structure of J55;

"J55 Support Agreements" means the J55 Arrangement Support Agreements and the J55 Amalgamation Support Agreements;

"J55 Supporters" means the J55 Shareholders who are bound by the J55 Support Agreements;

"J55 Transfer Agent" means Computershare Investor Services Inc., the transfer agent of J55;

"LOI" means the non-binding letter of intent dated February 22, 2019 between J55 and GameCo, as amended from time to time;

"Luminosity" means, collectively, Luminosity Canada and Luminosity USA;

"Luminosity Acquisition" has the meaning given to it in *"Summary – Luminosity Acquisition"*;

"Luminosity Canada" means Luminosity Gaming Inc., a private corporation incorporated under the laws of Ontario;

"Luminosity Interests" has the meaning given to it in *"Appendix 4 – Information Concerning Aquilini GameCo Inc. – Corporate Structure – Intercompany Relationships"*;

“Luminosity SPA” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”*.

“Luminosity USA” means Luminosity Gaming (USA), LLC, a California limited liability company;

“Macdonald Employment Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Management Contracts and Other Contracts”*;

“Majority of the Minority Shareholder Approval” means the approval of the Qualifying Transaction by the majority of votes cast by shareholders, other than:

- (a) a Non-Arm’s Length Party to the CPC;
- (b) a Non-Arm’s Length Party to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - i. if a CPC holds its own shares, the CPC, and
 - ii. a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b)

in respect of the Qualifying Transaction at a properly constituted meeting of the common shareholders of the CPC;

“Maida Employment Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table”*;

“Mandell Consulting Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Management Contracts and Other Contracts”*;

“Mandell Entertainment” means Mandell Entertainment Group Inc., a corporation controlled by Corey Mandell;

“Media I” means Enthusiast Gaming Media Holdings Inc., a corporation incorporated under the OBCA;

“Media II” means Enthusiast Gaming Media II Holdings Inc., a corporation incorporated under the OBCA;

“Media III” means Enthusiast Gaming Media III Holdings Inc., a corporation incorporated under the OBCA;

“Member” has the meaning set out in the TSXV Policies;

“MD&A” means Management’s Discussion and Analysis;

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“MMG” means Market One Media Group Inc.;

“Montgomery Employment Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Management Contracts and Other Contracts”*;

“Name Change” means:

- (a) in the event that the Amalgamation is completed but the Arrangement is not completed, the change of name of J55 to “Luminosity Gaming Inc.” or such other name as agreed to by J55 and GameCo in connection with the Amalgamation Closing, or
- (b) the change of name of J55 to “Enthusiast Gaming Holdings Inc.” or such other name as agreed to by J55 and Enthusiast Gaming in connection with the Arrangement Closing;

“**Named Executive Officers**” or “**NEO**” means, in relation to a company, each of the following individuals:

- (a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation – Venture Issuers*, for that financial year, and
- (d) each individual who would be a 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, at the end of that financial year;

“**Newco**” means 11305751 Canada Inc., a wholly-owned subsidiary of J55, incorporated under the CBCA solely for the purpose of carrying out the Amalgamation;

“**Newco Shares**” means the common shares in the authorized share structure of Newco;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**Non-Arm’s Length Party**” means: (a) in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such persons, or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the company; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

“**Non-Arm’s Length Qualifying Transaction**” has the meaning ascribed to that term in TSXV Policy 2.4;

“**Non-Resident Holder**” has the meaning given to it in “*Appendix 2 – Information Concerning the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders not Resident in Canada*”;

“**OBCA**” means the *Business Corporations Act* (Ontario), and the regulations thereunder, as amended from time to time;

“**OBCA Director**” means the director appointed under Section 278 of the OBCA;

“ordinary resolution” means a resolution required to be approved by greater than one half of the votes cast by those J55 Shareholders or J55 Disinterested Shareholders, as applicable, who (being entitled to do so) vote in person or by proxy at the J55 Meeting;

“Overwatch League” or **“OWL”** means the Overwatch league established by Overwatch League, LLC and Overwatch League B.V.;

“OWL Acquisition” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business – Principal Services”*;

“OWL Team” means the Vancouver Titans, a professional esports team that currently represents Vancouver, British Columbia as a participant in the Overwatch League;

“Parties” means any two or more of J55, Enthusiast Gaming, GameCo and Newco as the context requires, and **“Party”** means any one of them as the context requires;

“Person” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity or an individual;

“Plan of Arrangement” means the plan of arrangement proposed under Section 182 of the OBCA, and any amendments or variations made in accordance with the terms of the Arrangement Agreement or the plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of J55 and Enthusiast, each acting reasonably, substantially in the form and on the terms set out in Appendix 17 hereto;

“Promissory Note” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note and Pledge Agreement”*;

“QT Directors” has the meaning ascribed to that term in *“Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Annual Business – Election of J55 Directors”*;

“QT Final Exchange Bulletin” means, in the event that the Amalgamation closes but the Arrangement does not, the bulletin which is issued by the TSXV following the Amalgamation Closing and the submission of all documents required under the TSXV Policies, which evidences the final TSXV acceptance of the Amalgamation;

“QT Resulting Issuer” means J55 following the date of the Amalgamation Closing if the Arrangement is not completed;

“QT Resulting Issuer Shares” means the J55 Shares following the date of the Amalgamation Closing in the event the Arrangement does not close, including the post-First Consolidation J55 Shares issued to the GameCo Shareholders under the Amalgamation;

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means and, where appropriate, means the Amalgamation which constitutes J55’s Qualifying Transaction;

“Registered Shareholder” means a J55 Shareholder or an Enthusiast Shareholder, as the context requires, whose name appears on the registers of J55 or Enthusiast, as applicable, as the owner of J55 Shares or Enthusiast Shares, as applicable;

“Related Party” has the meaning ascribed to that term under MI 61-101;

“Related Party Transaction” has the meaning ascribed to that term in TSXV Policy 5.9 and MI 61-101, and includes a related party transaction that is determined by the TSXV to be a Related Party Transaction;

“Resident Holder” has the meaning given to it in *“Appendix 2 – Information Concerning the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada”*;

“Resulting Issuer” means J55 following the date of the Arrangement Closing;

“Resulting Issuer Board” means the board of directors of the Resulting Issuer;

“Resulting Issuer Options” means the J55 Options following the date of the Arrangement Closing;

“Resulting Issuer Shares” means, as applicable:

- (a) the J55 Shares following the date of the Arrangement Closing, including the post-Consolidations J55 Shares issued to the GameCo Shareholders under the Amalgamation and the post-Consolidations J55 Shares issued to the Enthusiast Shareholders under the Arrangement, or
- (b) if the Amalgamation is completed but the Arrangement is not completed, the J55 Shares following the date of the Amalgamation Closing, including the post-First Consolidation J55 Shares issued to the GameCo Shareholders under the Amalgamation;

“Second Consolidation” means the consolidation of the post-First Consolidation J55 Shares on the basis of one post-Second Consolidation J55 Share for each eight issued and outstanding post-First Consolidation J55 Shares, to be effected following the Arrangement Closing;

“Section 3(a)(10) Exemption” means the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;

“SEDAR” means the Canadian System for Electronic Document Analysis and Retrieval;

“Shareholders” means, collectively, the J55 Shareholders and the Enthusiast Shareholders;

“Shares” means, collectively, the J55 Shares and the Enthusiast Shares;

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by a CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the TSXV;

“Superior Proposal” means any unsolicited *bona fide* Acquisition Proposal: (i) to acquire not less than 100% of the outstanding Enthusiast Shares or all or substantially all of the assets of Enthusiast Gaming on a consolidated basis; (ii) that is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal; (iii) in respect of which it has been demonstrated to the satisfaction of the Enthusiast Board that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal; (iv) that is not subject to a due diligence condition; and (v) in respect of which the Enthusiast Board determines, in its good faith judgment, after receiving the advice of its financial advisor, that it would, if consummated in accordance with its terms, result in a transaction which is more favourable, from a financial point of view, to the Enthusiast Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by J55);

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“Tova” means Tova Ventures II Inc., a corporation incorporated under the OBCA;

“Tova Articles of Amendment” means the articles of amendment of Tova filed pursuant to the OBCA immediately prior to the completion of the EGI Amalgamation providing for, among other things: (a) the Tova Consolidation and (b) the Tova Name Change;

“Tova Consolidation” means the consolidation of the issued and outstanding common shares of Tova pursuant to the Tova Articles of Amendment on the basis of one (1) Consolidated Tova Share for every 4.2 Tova Shares outstanding effected prior to the completion of the EGI Amalgamation;

“Tova Name Change” means the change of Tova’s corporate name from Tova Ventures II Inc. to Enthusiast Gaming Holdings Inc. pursuant to the Tova Articles of Amendment;

“Tova QT Escrow Agreement” has the meaning given to it in *“Appendix 6 – Information Concerning the Resulting Issuer – Escrowed Securities – Tova QT Escrow Agreement”*;

“Tova Shares” means the common shares of Tova as constituted on the date hereof;

“Tova Ventures Sub” means 2637306 Ontario Inc., a wholly-owned subsidiary of Tova;

“Tova Ventures Sub Shares” means common shares in the capital of Tova Ventures Sub;

“Transactions” means, collectively, the Amalgamation, the Arrangement, the Name Change, the Consolidations, and all transactions related to the Qualifying Transaction, as contemplated by the Amalgamation Agreement, and all the transactions related to the Arrangement, as contemplated by the Arrangement Agreement;

“TSR (Ontario)” means Enthusiast Gaming (TSR) Inc., a corporation incorporated under the OBCA;

“TSR (Sweden)” means Enthusiast Gaming TSR Sweden AB, a corporation incorporated under the laws of the country of Sweden;

“TSX” means the Toronto Stock Exchange;

“TSXV” means the TSX Venture Exchange;

“TSXV Policy” means a policy of the TSXV;

“United States” or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“U.S. Exchange Act” means the United States Securities Exchange Act of 1934, as amended;

“U.S. Person” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended;

“U.S. Securities Laws” means all applicable securities legislation in the U.S., including the U.S. Securities Act, the U.S. Exchange Act, and the rules and regulations promulgated thereunder, including judicial and administrative interpretations thereof, and the securities laws of the states of the U.S.;

“VALP” means the Vancouver Arena Limited Partnership, a limited partnership organized under the laws of British Columbia;

“VALP Services Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – VALP Services Agreement”*;

“Voting and Shareholder Rights Agreement” has the meaning given to it in *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”*; and

“Voting Instruction Form” or **“VIF”** means the voting instruction form provided by Broadridge to Beneficial Holders.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SUMMARY

The following is a summary of information relating to J55, GameCo, Enthusiast Gaming and the Resulting Issuer (assuming completion of the Qualifying Transaction and the Arrangement) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular, including the Appendices hereto. Terms with initial capital letters in this Summary are defined in the Glossary of Terms or elsewhere in this Circular.

Summary of Meetings

J55 Meeting

The J55 Meeting will be held at the offices of Clark Wilson LLP, Suite 900, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, on August 26, 2019 at 10:00 a.m. (Vancouver time). Only Registered Shareholders of J55 as at the J55 record date of July 17, 2019 will be entitled to receive notice of and to vote at the J55 Meeting, except as otherwise set out in this Circular.

The J55 Meeting will constitute an annual and special meeting of the J55 Shareholders. At the J55 Meeting, the J55 Shareholders will be asked to consider and approve various matters as more particularly described in this Circular, including the J55 QT Resolution; the J55 Arrangement Resolution; resolutions with respect to the election of directors to the J55 Board; the appointment of MNP LLP as the auditors of J55 for the ensuing year at remuneration to be fixed by the J55 Board; the approval of the J55 Option Plan; and such other matters as may properly be brought before the J55 Meeting or any adjournment(s) or postponement(s) thereof.

Pursuant to the Amalgamation Agreement and the Arrangement Agreement, J55 and each of the J55 Supporters have entered into the J55 Support Agreements. The J55 Shares held by the J55 Supporters collectively represent approximately 79% of the issued and outstanding J55 Shares (and 16% of the issued and outstanding J55 Shares held by the J55 Disinterested Shareholders, as further described below). The J55 Support Agreements provide that, among other things, the J55 Supporters, in their capacity as J55 shareholders, (i) will irrevocably support the Amalgamation, the Amalgamation Agreement, the Qualifying Transaction, the Arrangement and the Arrangement Agreement, as applicable and, to the extent permitted by applicable laws and the TSXV Policies, vote all of their J55 Shares in favour of the proposed J55 QT Resolution and J55 Arrangement Resolution, as applicable, and against any resolution submitted by any J55 shareholder that is inconsistent with the J55 QT Resolution or J55 Arrangement Resolution, as applicable, and (ii) will not sell, assign, transfer or otherwise convey any of the J55 Shares held by the J55 Supporters other than pursuant to the Qualifying Transaction or Arrangement, as applicable.

Pursuant to TSXV Policy 5.9 and MI 61-101, because the Amalgamation is a Related Party Transaction, it must be approved by more than 50% of the votes cast by the J55 Disinterested Shareholders present in person or represented by proxy at the J55 Meeting. Francesco Aquilini, Adrian Montgomery and Roberto Aquilini are interested shareholders with respect to the Qualifying Transaction, and the J55 Shares they collectively own which represent approximately 63% of the total issued and outstanding J55 Shares will be excluded from voting on the J55 QT Resolution. Pursuant to TSXV Policy 2.4, the Qualifying Transaction requires Majority of the Minority Shareholder Approval. Accordingly, the votes cast on the J55 QT Resolution will also be tabulated to determine if the Majority of the Minority Shareholder Approval is obtained, and for such tabulation, in addition to the shares of the interested J55 Shareholders being excluded, the following J55 Shares held by the Disinterested J55 Shareholders who are directors and officers of J55 will also be excluded: (i) 2,705,000 J55 Shares held by John Veltheer and Associates of

John Veltheer representing approximately 14% of the total issued and outstanding J55 Shares, and (ii) 455,000 J55 Shares held by Alexander Helm and Associates of Alexander Helm representing approximately 2% of the total issued and outstanding J55 Shares. The remaining resolutions before the J55 Meeting, including the J55 Arrangement Resolution, require approval of more than 50% of the votes cast by J55 Shareholders present in person or represented by proxy at the J55 Meeting. See *"Particulars of Matters to be Acted Upon at the J55 Meeting"*.

Enthusiast Meeting

The Enthusiast Meeting will be held at the offices of Stikeman Elliott LLP, located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 on August 26, 2019 at 10:00 a.m. (Toronto time). Only Registered Shareholders of Enthusiast Gaming as at the Enthusiast Gaming record date of July 19, 2019 will be entitled to receive notice of and to vote at the Enthusiast Meeting, except as otherwise set out in this Circular.

The Enthusiast Meeting will constitute an annual and special meeting of the Enthusiast Shareholders. At the Enthusiast Meeting, the Enthusiast Shareholders will be asked to consider and approve various matters as more particularly described in this Circular, including the Enthusiast Arrangement Resolution; resolutions with respect to the election of directors to the Enthusiast Board; the appointment of MNP LLP as the auditors of Enthusiast Gaming for the ensuing year at remuneration to be fixed by the Enthusiast Board; the approval of the Enthusiast Option Plan; and such other matters as may properly be brought before the Enthusiast Meeting or any adjournment(s) or postponement(s) thereof.

Pursuant to the Arrangement Agreement, Enthusiast Gaming and each of the Enthusiast Supporters have entered into the Enthusiast Support Agreements. The Enthusiast Shares held by the Enthusiast Supporters collectively represent approximately 13% of the issued and outstanding Enthusiast Shares. The Enthusiast Support Agreements provide that, among other things, the Enthusiast Supporters, in their capacity as Enthusiast shareholders, (i) will vote all of their Enthusiast Shares in favour of the proposed Enthusiast Arrangement Resolution, and against any resolution submitted by any Enthusiast shareholder that is inconsistent with the Enthusiast Arrangement Resolution, as applicable, and (ii) will not sell, assign, transfer or otherwise convey any of the Enthusiast Shares held by the Enthusiast Supporters other than pursuant to the Arrangement.

The Enthusiast Arrangement Resolution requires approval of not less than 66.66% of the votes cast by Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting. The remaining resolutions before the Enthusiast Meeting require approval of more than 50% of the votes cast by Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting. See *"Particulars of Matters to be Acted Upon at the Enthusiast Meeting"*.

Summary of Information Concerning the Companies

J55 Capital Corp.

J55 is a CPC incorporated under the BCBCA whose business is currently focused on the identification and acquisition of new business ventures. J55 completed its initial public offering as a CPC on December 12, 2018. J55 is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The J55 Shares are listed for trading on the TSXV under the symbol "FIVE.P". See *"Appendix 3 – Information Concerning J55 Capital Corp."* for more information about J55.

Aquilini GameCo Inc.

GameCo is a company incorporated under the CBCA on August 29, 2018, and whose business is currently an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise. GameCo is a private company and does not have its shares listed for trading on any stock exchange or quotation system. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc.*” for more information about GameCo.

Luminosity

Luminosity Canada was founded in 2015 and is a corporation incorporated under the OBCA. Luminosity USA was founded in 2017 and is a limited liability company governed by the laws of the State of California. Shortly after it was founded, Luminosity began providing management and support services to players involved in professional gaming. By the end of 2018, Luminosity had managed several esports teams, competing across games such as Counter-Strike, Call of Duty, Madden, Smite and Fortnite. Luminosity engages various streamers, including SypherPK, CDNThe3rd, IamTrevorMay, AriGamePlays and LosPollosTB, and has established relationships with sponsors, such as Universal Music Group, Scuf Gaming, GGbet, CS:GO Wild, Bud Light, Twitch, Zowie, Cyberpower PC, Kinguin, HyperX, Dxracer and EGB.com, as well as relationships with other sports and entertainment companies, such as Canucks Sports and Entertainment. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business*”.

Enthusiast Gaming Holdings Inc.

Founded in 2014, Enthusiast Gaming is the largest vertically integrated video game company and has the fastest-growing online community of video gamers. Through Enthusiast Gaming’s organic acquisition strategy, it has amassed a platform of over 150 million monthly visitors across its network of websites and YouTube channels. Enthusiast Gaming also owns and operates Canada’s largest gaming expo, Enthusiast Gaming Live Expo, EGLX, with approximately 55,000 people attending in 2018. Enthusiast Gaming became listed on the TSXV on September 24, 2018 as a result of its reverse takeover of Tova Ventures II Inc. See “*Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc.*”.

Summary of Transactions

The J55 Meeting and Enthusiast Meeting have been called to consider and, if deemed appropriate, approve, among other things, as applicable, J55’s Qualifying Transaction between J55 and GameCo pursuant to the terms of the Amalgamation Agreement and the subsequent Arrangement Transaction between J55 and Enthusiast Gaming pursuant to the terms of the Arrangement Agreement.

The terms of the Amalgamation Agreement are the result of non-arm’s length negotiations between representatives of J55 and GameCo, including representatives common to both companies, and their respective advisors. The Circular contains a summary of the events leading up to the negotiation of the Amalgamation Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Qualifying Transaction. See “*Appendix 1 – Information Concerning the Amalgamation*”.

The terms of the Arrangement Agreement are the result of arm’s length negotiations between representatives of J55, GameCo and Enthusiast Gaming and their respective advisors. The Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and

public announcement of the Arrangement Transaction. See “Appendix 2 – Information Concerning the Arrangement”.

J55’s Qualifying Transaction

J55 seeks to complete a three-cornered amalgamation among its wholly-owned subsidiary, Newco, and GameCo on the terms of the Amalgamation Agreement, as a result of which J55 will acquire all of the issued and outstanding securities of GameCo in consideration for post-First Consolidation securities of J55. The Amalgamation will constitute J55’s Qualifying Transaction. Immediately prior to closing of the Qualifying Transaction, GameCo will complete the Luminosity Acquisition, such that Luminosity will become a wholly-owned subsidiary of GameCo. Upon completion of the Amalgamation, GameCo will amalgamate with NewCo and continue as Amalco, and Amalco will become a wholly-owned subsidiary of J55.

The Amalgamation

Background to the Amalgamation

The terms of the Amalgamation Agreement are the result of non-arm’s length negotiations between representatives of J55 and GameCo, including representatives common to both companies, and their respective advisors. The Circular contains a summary of the events leading up to the negotiation of the Amalgamation Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Amalgamation. See “Appendix 1 – Information Concerning the Amalgamation – Background to the Amalgamation”.

The Amalgamation Agreement

J55, GameCo and Newco have entered into the Amalgamation Agreement pursuant to which, at the Amalgamation Effective Time:

- (a) GameCo and Newco will amalgamate and continue as Amalco;
- (b) all of the holders of GameCo Shares outstanding immediately prior to the Amalgamation Effective Time, shall receive in exchange for their GameCo Shares, one J55 Amalgamation Consideration Share for each GameCo Share held, and the GameCo Shares outstanding immediately prior to the Amalgamation Effective Time shall be cancelled. No fractional J55 Shares will be issued under the Amalgamation;
- (c) subject to receipt of all required regulatory approvals, each GameCo Warrant outstanding immediately prior to the Amalgamation Effective Time, shall be exchanged for one J55 Consideration Warrant on the same terms as those contained in the GameCo Warrant immediately prior to the Amalgamation and each such GameCo Warrant shall be cancelled;
- (d) subject to receipt of all required regulatory approvals, each GameCo Option outstanding immediately prior to the Amalgamation Effective Time shall be exchanged for one J55 Amalgamation Consideration Option on the same terms as those contained in the GameCo Option immediately prior to the Amalgamation and each such GameCo Option shall be cancelled;
- (e) subject to receipt of all required regulatory approvals, each GameCo Debenture outstanding immediately prior to the Amalgamation Effective Time shall be exchanged for one J55 Amalgamation Consideration Debenture on the same terms as those contained in the GameCo

Debenture immediately prior to the Amalgamation and each such GameCo Debenture shall be cancelled;

- (f) all of the Newco Shares outstanding immediately prior to the Amalgamation Effective Time shall be exchanged with an equal number of Amalco Shares;
- (g) J55 shall add to the stated capital account maintained in respect of the J55 Shares an amount equal to the paid-up capital for purposes of the Tax Act of the GameCo Shares immediately before the Amalgamation Effective Time;
- (h) the aggregate stated capital maintained in respect of the Amalco Shares issued pursuant to the Amalgamation shall be the aggregate of the paid-up capital for the purposes of the Tax Act of the Newco Shares and the GameCo Shares immediately before the Amalgamation Effective Time; and
- (i) as consideration for the issuance of the J55 Amalgamation Consideration Shares, Amalco will issue to J55 one (1) Amalco Share for each J55 Amalgamation Consideration Share issued.

Conditions to the Amalgamation

Completion of the Amalgamation is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement, including approval of the J55 QT Resolution by the J55 Disinterested Shareholders, approval of the GameCo Resolution, completion of the Luminosity Acquisition, and the conditional approval of the TSXV. See “Appendix 1 – Information Concerning the Amalgamation – The Amalgamation Agreement”.

Qualifying Transaction

The Amalgamation will constitute J55’s Qualifying Transaction.

Upon completion of the Amalgamation (assuming conversion of the GameCo Subscription Receipts and the First Consolidation), the current GameCo Shareholders will own approximately 95% of the post-First Consolidation J55 Shares on an undiluted basis, and the Resulting Issuer will be engaged in the business of GameCo and will be a Tier 2 Industrial issuer listed on the TSXV, as defined in TSXV Policy 2.1.

Business of GameCo

GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support the growth of its position as an esports media enterprise for esports teams, players, streamers, audiences and enthusiasts. GameCo’s enterprise will be made up of interrelated operations that are intended to derive revenue from assets acquired by GameCo across the esports value chain, including, upon completion of the Luminosity Acquisition, revenue derived from the provision of management and support services to players involved in professional gaming.

Following completion of the Luminosity Acquisition, the business of Luminosity will be the primary business of GameCo. Luminosity engages various streamers, including SypherPK, CDNThe3rd, IamTrevorMay, AriGamePlays and LosPollosTB, and has established relationships with sponsors, such as Universal Music Group, Scuf Gaming, GGBet, CS:GO Wild, Bud Light, Twitch, Zowie, Cyberpower PC, Kinguin, HyperX, Dxracer and EGB.com, as well as relationships with other sports and entertainment companies, such as Canucks Sports and Entertainment. On September 27, 2018, Luminosity entered into the Consulting Agreement with the owners of the OWL Team pursuant to which Luminosity agreed to

provide management and support services to the OWL Team. The OWL Team recently commenced their first season of competition in the OWL, an esports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game Overwatch. Previously known as RunAway, the team had previously won the Korean Contenders Championship in 2018 and, more recently, won Stage One of the OWL Season 2. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business”*.

GameCo intends to enter into a management services agreement (the **“Management Services Agreement”**) with the owners of the OWL Team, which will replace the Consulting Agreement and pursuant to which GameCo will provide management, consulting and operational services to the OWL Team. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA – Management Services Agreement”*. In addition, GameCo expects to enter into the OWL Acquisition Agreement with the owners of the OWL Team, to acquire a non-controlling interest in the OWL Team. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business – Principal Services”*.

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising.

Luminosity Acquisition

Luminosity is wholly-owned by Stephen Maida, a businessman residing in Toronto, Ontario. GameCo entered into the Luminosity SPA on February 14, 2019 and thereby agreed to acquire Luminosity on the terms and conditions of the Luminosity SPA, including the payment of \$1,500,000 cash by GameCo to Stephen Maida, the issuance of 60,000,000 GameCo Shares to Stephen Maida (at a deemed issued price of \$0.30 per share), subject to a downward adjustment, and the issuance of a \$2,000,000 unsecured promissory note, subject to adjustment, by GameCo to Stephen Maida, which is repayable immediately upon completion of a go-public transaction (the **“Luminosity Acquisition”**). See *“Appendix 4 – Information Concerning Aquilini GameCo Inc – Material Contracts – Luminosity SPA”*.

GameCo Financings

On March 20, 2019, GameCo completed the GameCo Subscription Receipt Offering which raised gross proceeds of \$25,000,200 through a private placement of 83,334,000 GameCo Subscription Receipts at a price of \$0.30 per GameCo Subscription Receipt. Each GameCo Subscription Receipt will automatically convert into one GameCo Share prior to the Closing. The proceeds of the GameCo Subscription Receipt Offering are expected to be used towards completing the Luminosity Acquisition, for strategic growth initiatives, working capital and general corporate purposes. The GameCo Agent acted as sole agent for the GameCo Subscription Receipt Offering, and pursuant to the GameCo Agency Agreement, GameCo will issue up to 2,460,020 GameCo Agent’s Shares to the GameCo Agent on the satisfaction of the Escrow Release Conditions on the Escrow Release Deadline.

On June 19, 2019, GameCo completed the GameCo Debenture Offering which raised gross proceeds of \$10,000,000 through a private placement on a bought deal basis of 10,000 GameCo Debentures, each of which is convertible into GameCo Shares at a conversion price of \$0.45 per share in accordance with the terms of the GameCo Debentures. The proceeds of the GameCo Debenture Offering were used to fund the Bridge Loan. The GameCo Agent acted as lead agent for the GameCo Debenture Offering. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales”*.

J55 and Resulting Issuer Consolidations

Prior to the Amalgamation Closing, J55 will alter its share capital by consolidating all of the issued and outstanding J55 Shares on the basis of one (1) post-First Consolidation J55 Share for each 1.25 pre-First Consolidation J55 Shares.

Following the Arrangement Closing, J55 will alter its share capital by further consolidating all of the issued and outstanding post-First Consolidation J55 Shares on the basis of one (1) post-Second Consolidation J55 Share for each eight (8) post-First Consolidation J55 Shares.

Non-Arm's Length Qualifying Transaction

J55 has certain directors, officers and significant shareholders in common with GameCo. The Amalgamation Transaction will be a Non-Arm's Length Qualifying Transaction as defined in TSXV Policy 2.4 and a Related Party Transaction as defined in MI 61-101. Pursuant to TSXV Policies, Majority of the Minority Shareholder Approval is required in connection with any Non-Arm's Length Qualifying Transaction or Related Party Transaction. See "Appendix 1 – Information Concerning the Qualifying Transaction – Non-Arm's Length Qualifying Transaction".

Recommendation of the J55 Board

The disinterested members of the J55 Board, after careful consideration, have unanimously determined that the Amalgamation is fair to the J55 Shareholders and is in the best interest of J55. **Accordingly, the disinterested members of the J55 Board unanimously recommend that J55 Shareholders vote FOR the J55 QT Resolution and all other matters to be considered at the J55 Meeting (with Francesco Aquilini, a director and significant shareholder of GameCo, and Adrian Montgomery, a director, officer and significant shareholder of GameCo, abstaining).**

Reasons for the Recommendation of the J55 Board

The J55 Board considered various potential reasons to agree to the Amalgamation, including:

- **J55's History.** The J55 Board believes that the value of J55 decreases over time as its cash is depleted on public company costs and that in GameCo it has found a deserving Qualifying Transaction that will bring value to J55 Shareholders.
- **Value Provided to J55.** After a review of J55's history and financial position, the J55 Board and management of J55 are satisfied that the Amalgamation provides J55 and the J55 Shareholders with the best value for its CPC.
- **Review of Alternatives.** The Amalgamation Agreement is the result of a strategic review process by the J55 Board which involved consideration of strategic alternatives available to J55.

The J55 Board also considered the potential benefits of the Amalgamation, including:

- leveraging the goodwill and marketability of the Aquilini organization in the professional sports industry into a new venture in the emerging esports industry;
- becoming one of the first significant participants in the esports industry to be listed on a public stock exchange in Canada;

- the Resulting Issuer will have a management team capable of implementing the business strategy of the Resulting Issuer;
- greater access to sufficient capital to advance the Resulting Issuer's business;
- increased access to capital markets; and
- enhanced liquidity for the current shareholders of J55 as the Resulting Issuer, after giving effect to the Amalgamation, will have a larger market capitalization.

The information and factors described above and considered by the J55 Board in reaching its determination and making its approvals are not intended to be exhaustive. In view of the wide variety of factors considered in connection with the evaluation of the Amalgamation by the J55 Board and the complexity of these matters, the J55 Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the J55 Board may have given different weight to different factors.

Shareholder Approval

The J55 QT Resolution will be approved if more than 50% of the J55 Shares held by J55 Disinterested Shareholders who are represented in person or by proxy at the J55 Meeting vote in favour of the J55 QT Resolution. The J55 Supporters have agreed to vote in favour of the J55 QT Resolution pursuant to the J55 Amalgamation Support Agreements. The J55 Supporters who are J55 Disinterested Shareholders own approximately 16% of the total issued and outstanding J55 Shares. Francesco Aquilini, Adrian Montgomery and Roberto Aquilini are interested shareholders with respect to the Qualifying Transaction, and the J55 Shares they collectively own which represent approximately 63% of the total issued and outstanding J55 Shares will be excluded from voting on the J55 QT Resolution.

In addition, pursuant to TSXV Policy 2.4, the Qualifying Transaction requires Majority of the Minority Shareholder Approval. Accordingly, the votes cast on the J55 QT Resolution will also be tabulated to determine if the Majority of the Minority Shareholder Approval is obtained, and for such tabulation, in addition to the shares of the interested J55 Shareholders being excluded, the following J55 Shares held by the Disinterested J55 Shareholders who are directors and officers of J55, or Associates of such persons, will also be excluded: (i) 2,705,000 J55 Shares held by John Veltheer and Associates of John Veltheer representing approximately 14% of the total issued and outstanding J55 Shares, and (ii) 455,000 J55 Shares held by Alexander Helm and Associates of Alexander Helm representing approximately 2% of the total issued and outstanding J55 Shares.

See "Appendix 1 – Information Concerning the Amalgamation – Non-Arm's Length Qualifying Transaction".

TSXV Approval

Completion of the Amalgamation remains subject to the final approval of the TSXV. The Amalgamation was conditionally approved by the TSXV on July 22, 2019. There is no assurance J55 will receive final approval of the Amalgamation from the TSXV.

The Arrangement

Background to the Arrangement Transaction

The terms of the Arrangement Agreement are the result of arm's length negotiations between representatives of J55, GameCo and Enthusiast Gaming after representatives of Enthusiast Gaming were

approached by representatives of GameCo and J55 in early April 2019 about the possibility of a transaction among Enthusiast Gaming, GameCo and J55 in which J55 would acquire all of the issued and outstanding shares of Enthusiast Gaming. The Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement. See “Appendix 2 – Information Concerning the Arrangement –Background to the Arrangement”.

Recommendation of the J55 Board

The J55 Board, after careful consideration, has unanimously determined that the Arrangement is fair to the J55 Shareholders and is in the best interest of J55. **Accordingly, the J55 Board unanimously recommends that J55 Shareholders vote FOR the J55 Arrangement Resolution.**

Reasons for the Recommendation of the J55 Board

In the course of its evaluation of the Arrangement, the J55 Board consulted with its management and legal counsel and reviewed an extensive amount of information. It is the opinion of the J55 Board that the Arrangement will enable J55 Shareholders to participate in the potential upside associated with Enthusiast Gaming’s business plan while giving Enthusiast access to J55’s existing capital and providing both companies with the advantages of their combined management expertise and global audience through the creation of one of the largest esports organizations in North America. The J55 Board also considered the potential benefits of the Arrangement, including: J55 Shareholders will have the opportunity to participate in the business of Enthusiast Gaming; leveraging the combined goodwill and marketability of GameCo and Enthusiast Gaming in the emerging esports industry; becoming one of the largest participants in the esports industry to be listed on a public stock exchange in Canada; the Resulting Issuer will have a management team capable of implementing the business strategy of the Resulting Issuer; greater access to sufficient capital to advance the Resulting Issuer’s business; and enhanced liquidity for the current shareholders of J55 as the Resulting Issuer, after giving effect to the Arrangement, will have a larger market capitalization. See “Appendix 2 – Information Concerning the Arrangement – Reasons for the Recommendation of the J55 Board”.

Recommendation of the Enthusiast Board

The Enthusiast Board, after careful consideration, has unanimously determined that the Arrangement is fair to the Enthusiast Shareholders and is in the best interest of Enthusiast Gaming. **Accordingly, the Enthusiast Board unanimously recommends that Enthusiast Shareholders vote FOR the Enthusiast Arrangement Resolution.**

Reasons for the Recommendation of the Enthusiast Board

In making its recommendation that the execution, delivery and performance of the Arrangement Agreement is in the best interests of Enthusiast Gaming, that the Arrangement is fair to the Enthusiast Shareholders and that the Enthusiast Shareholders vote in favour of the Arrangement Resolution, the Enthusiast Board considered and relied upon a number of substantive factors, procedural safeguards, and risks and uncertainties, including the following: the ability of the Enthusiast Shareholders to participate in the business of the Resulting Issuer and the synergies and opportunities that arise from combining the business of GameCo, Luminosity and Enthusiast under one public company; the conclusion of the Fairness Opinion; the Exchange Ratio; treatment of the Enthusiast securityholders; the availability of Dissent Rights to the Enthusiast Shareholders; the ability of Enthusiast to accept a superior proposal in accordance with the Arrangement Agreement; and other factors considered relevant by the Enthusiast Board. See “Appendix 2 – Information Concerning the Arrangement – Reasons for the Recommendation of the Enthusiast Board”.

The Arrangement Agreement

The general description of the Arrangement Agreement which follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, which is attached to this Circular as Appendix 17.

Enthusiast Gaming, GameCo and J55 entered into the Arrangement Agreement on May 30, 2019.

Pursuant to the Arrangement Agreement, J55 has agreed to acquire all of the issued and outstanding Enthusiast Shares by way of a court approved plan of arrangement under the OBCA.

Under the terms of the Arrangement Agreement, each Enthusiast Shareholder will receive 4.22 (post-First Consolidation) J55 Shares for each Enthusiast Share held. In the Arrangement Agreement, J55 and Enthusiast Gaming provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs. The assertions embodied in those representations and warranties are solely for the purposes of the Arrangement Agreement. Certain representations and warranties may not be accurate and complete as of any specified date because they are qualified by certain disclosure provided by Enthusiast Gaming to J55 and J55 to Enthusiast Gaming or are subject to a standard of materiality or are qualified by reference to a Material Adverse Effect, as defined in the Arrangement Agreement. Therefore, Enthusiast Shareholders should not rely on the representations and warranties as statements of factual information.

In the Arrangement Agreement, Enthusiast Gaming, GameCo and J55 also provide covenants to one another, including among other things, on the part of Enthusiast Gaming that Enthusiast Gaming will, and will cause each of the subsidiaries of Enthusiast Gaming to, subject to the terms of the Arrangement Agreement, conduct business only in the ordinary course of business and in compliance with applicable laws, and will use commercially reasonable efforts to preserve intact its present business organization and goodwill and assets, to keep available the services of its employees as a group, and to maintain satisfactory relationships with suppliers, employees and others having business relationships with Enthusiast Gaming and the subsidiaries of Enthusiast Gaming from the date of the Arrangement Agreement to the Effective Date and will, except with the prior written consent of J55, as expressly required or permitted by the Arrangement Agreement, or as required by applicable laws or any Governmental Entity, as defined in the Arrangement Agreement, or as contemplated in the Enthusiast Disclosure Letter, as defined in the Arrangement Agreement, comply with specific covenants in furtherance of such covenants. J55 and Enthusiast Gaming have each agreed to use their respective commercially reasonable efforts to satisfy the conditions to the Arrangement set forth in the Arrangement Agreement, all in accordance with the terms thereof.

The Arrangement Agreement also includes certain non-solicitation provisions which restrict Enthusiast Gaming and its subsidiaries from (i) soliciting, initiating, knowingly encouraging or otherwise knowingly facilitating any inquiry, proposal or offer from any third party that would reasonably be expected to constitute an Acquisition Proposal; (ii) participating in any negotiations or discussions, furnishing any information or otherwise cooperating with any third party regarding any inquiry, proposal or offer that could constitute an Acquisition Proposal; (iii) making an Enthusiast Change in Recommendation; (iv) releasing any person from or failing to enforce the terms of any confidentiality or standstill agreement; or (v) approving or recommending any Acquisition Proposal, or publicly proposing to accept or enter into any agreement in respect of an Acquisition Proposal, subject to certain specified exceptions including in the event of a Superior Proposal all as further set forth in the Arrangement Agreement.

See “Appendix 2 – Information Concerning the Arrangement – The Arrangement Agreement”.

Conditions to the Arrangement

Completion of the Arrangement remains subject to a number of conditions more particularly described in the Arrangement Agreement, including, without limitation: approval of the J55 Shareholders and the Enthusiast Shareholders, granting of the Final Order and approval of the TSXV.

Fairness Opinion

Haywood has delivered the Fairness Opinion to the Enthusiast Board which concludes, subject to the assumptions and qualifications set out in the Fairness Opinion, that the Arrangement is fair to the Enthusiast Shareholders from a financial point of view. Please refer to the complete Fairness Opinion at “Appendix 21 – Fairness Opinion”.

Right of Dissent

Enthusiast Shareholders will be provided with the right to dissent with respect to the Enthusiast Arrangement Resolution as well as be paid the fair value of their shares if the Arrangement becomes effective in accordance with the OBCA. Failure to strictly comply with such provisions may result in the loss of any right to dissent. See “Appendix 2 – Information Concerning the Arrangement – Right of Dissent” and “Appendix 20 – Dissent Rights” for additional information regarding the Enthusiast Shareholders’ right to dissent. The information in this Circular relating to rights of dissent should not be exclusively relied on by the Enthusiast Shareholders, and any Enthusiast Shareholders considering exercising their right of dissent should consult their own independent financial and legal advisors.

Tax Considerations

There may be tax consequences to Enthusiast Shareholders as a result of the Arrangement. See “Appendix 2 – Information Concerning the Arrangement – Canadian Income Tax Considerations”. Enthusiast Shareholders are encouraged to seek their own independent financial and tax advice as the Arrangement relates to their individual circumstances.

Arm’s Length Transaction

The Arrangement is an Arm’s Length Transaction, and is not subject to MI 61-101. See “Appendix 2 – Information Concerning the Arrangement – MI 61-101 Analysis”.

Shareholder Approval

For the J55 Arrangement Resolution to be approved, more than 50% of the J55 Shares held by J55 Shareholders represented in person or by proxy at the J55 Meeting must be voted in favour of the J55 Arrangement Resolution. The J55 Supporters who collectively hold approximately 79% of the issued and outstanding J55 Shares have agreed to vote in favour of the J55 Arrangement Resolution.

For the Enthusiast Arrangement Resolution to be approved, not less than 66.66% of the Enthusiast Shares held by Enthusiast Shareholder represented in person or by proxy at the Enthusiast Meeting must be voted in favour of the Enthusiast Arrangement Resolution. The Enthusiast Supporters who collectively hold approximately 13% of the issued and outstanding Enthusiast Shares have agreed to vote in favour of the Enthusiast Arrangement Resolution.

Court Approval

Completion of the Arrangement remains subject to the granting of the Final Order. The Final Hearing has been scheduled for August 29, 2019 at 9:30 am (Toronto time), or as soon thereafter as counsel may be heard, at 330 University Avenue, Toronto, Ontario.

TSXV Approval

Completion of the Arrangement remains subject to the final approval of the TSXV. On June 12, 2019, the TSXV conditionally approved the Arrangement. There is no assurance J55 and Enthusiast Gaming will receive final approval of the Arrangement from the TSXV.

Summary Information Concerning the Resulting Issuer

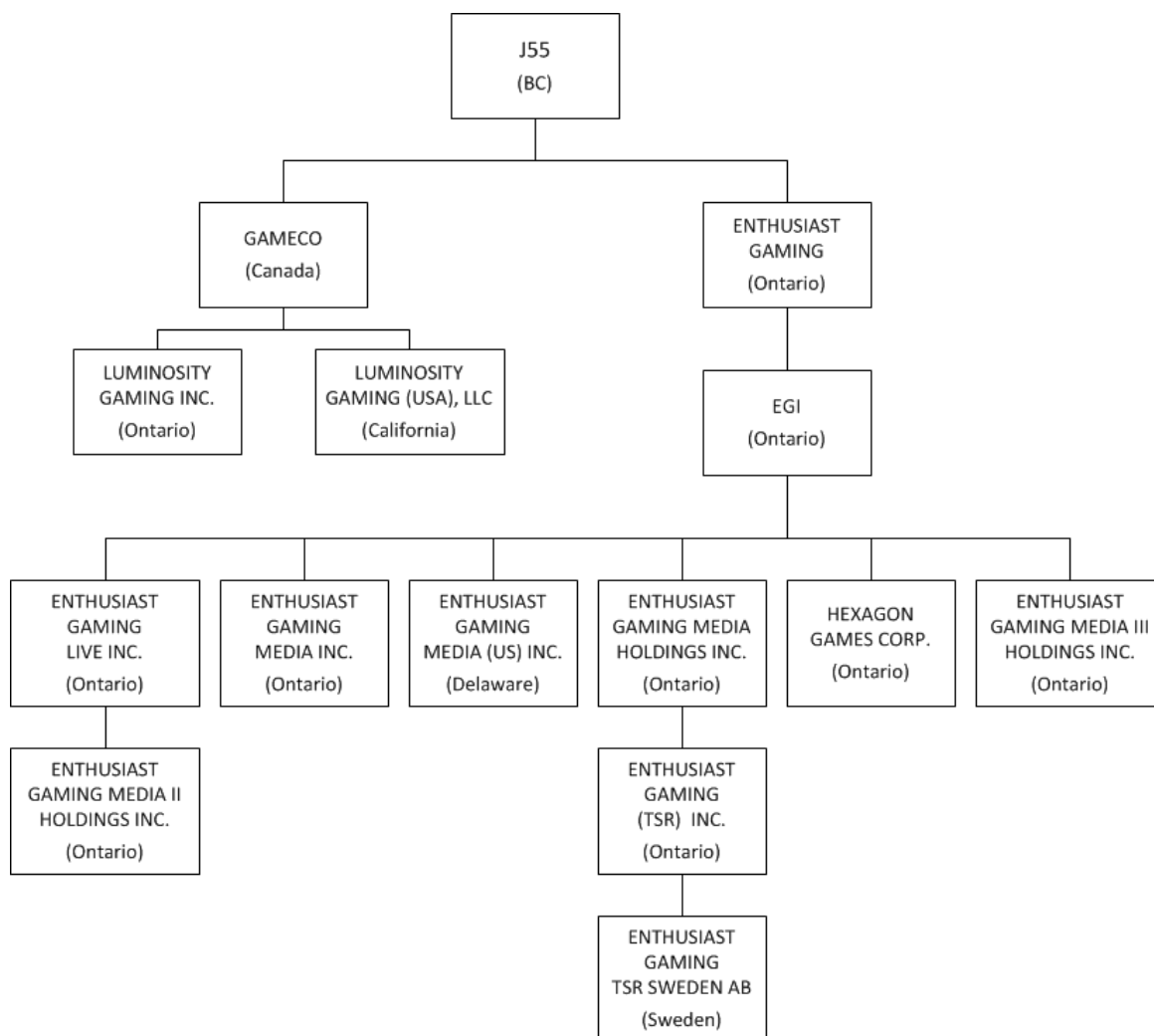
For detailed information regarding the Resulting Issuer, please refer to “*Appendix 6 – Information Concerning the Resulting Issuer*”.

Name Change

In connection with the completion of the Transactions, J55 intends to change its name to “Enthusiast Gaming Holdings Inc.” and trade on the TSXV under the symbol “EGLX”, and Enthusiast Gaming intends to change its name to “Enthusiast Gaming Properties Inc.” and its common shares will be delisted from the TSXV. If the Amalgamation is completed but the Arrangement is not, it is expected that J55 will change its name to “Luminosity Gaming Inc.” and will trade on the TSXV under the symbol “LUMI”.

Intercompany Relationships

A corporate organizational chart reflecting the proposed structure of J55 after giving effect to Transactions is set forth below:



Description of the Business

Following completion of the Transactions, the Resulting Issuer will continue the business of GameCo, operating an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise. The business of GameCo will include the business of Luminosity. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of Business”. The Resulting Issuer will also continue the business of Enthusiast Gaming, a global vertically integrated video game company with one of the fastest growing online video game communities. “Appendix 6 – Information Concerning Enthusiast Gaming Holdings Inc. – Narrative Description of Business”.

Available Funds and Principal Purposes

The following table sets out information respecting the Resulting Issuer’s expected sources of cash following the completion of the Transactions. The amounts shown in the table are estimates only and are based upon the information available to J55 and Enthusiast Gaming as of the date hereof:

Sources	Amount (\$)
J55 unaudited working capital as at June 30, 2019	1,022,394
GameCo unaudited working capital as at June 30, 2019	27,600,000
Luminosity unaudited working capital as at June 30, 2019	(1,300,000)
Total funds available upon completion of the Amalgamation	27,322,394
Enthusiast unaudited working capital as at June 30, 2019 ⁽¹⁾	(10,010,000)
Conversion of debt issued under the GameCo Debenture Offering	10,000,000
Total funds available upon completion of the Arrangement	27,312,394

Note:

⁽¹⁾ Excludes the \$10,000,000 Bridge Loan which would be forgiven on completion of the Arrangement.

The following table sets out information in respect of the Resulting Issuer's intended principal uses of funds for the 18 months following the completion of the Transactions. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to J55 and Enthusiast Gaming as of the date hereof:

Use of Funds	Upon Completion of Amalgamation Amount (\$)	Upon Completion of Amalgamation and Arrangement Amount (\$)
Balance of transaction costs	370,000	2,250,000 ⁽¹⁾
General and administrative expenses	780,000	1,310,000 ⁽²⁾
Sales and marketing expenses	1,330,000	2,260,000 ⁽³⁾
Strategic acquisitions	4,000,000	4,000,000 ⁽⁴⁾
Team expansions and acquisitions	600,000	600,000
Strategic expansions	Nil	600,000 ⁽⁵⁾
Interest payments on long-term debt	Nil	810,000
Amounts due on closing of the Luminosity Acquisition	3,500,000	3,500,000
Unallocated funds	16,742,394 ⁽⁶⁾	11,982,394 ⁽⁶⁾
Total	27,322,394	27,312,394

Notes:

- ⁽¹⁾ Includes legal fees of \$600,000, of which \$300,000 relate to the Amalgamation; TSXV and transfer agent fees of \$100,000, of which \$50,000 relate to the Amalgamation; expenses related to the J55 Meeting and the Enthusiast Meeting of \$50,000, of which \$20,000 relate to the Amalgamation; and advisory fees of \$1,500,000 which relate solely to the Arrangement.
- ⁽²⁾ The estimate of general and administrative expenses includes: salaries and benefits of \$2,170,000; occupancy costs of \$500,000; office expenses and supplies of \$100,000; legal, tax, audit and professional fees of \$1,200,000; investor relations fees of \$360,000; and other expenses of \$300,000. A significant portion of general and administration expenses are covered from funds generated through current operations and therefore only a portion of the use of proceeds is allocated to these expenses. Also included are milestone bonuses payable to certain officers of GameCo of \$125,000 upon completion of the Amalgamation and \$250,000 upon completion of the Arrangement.
- ⁽³⁾ The estimate of sales and marketing expenses includes salaries and benefits of \$930,000; brand related marketing initiatives of \$675,000; and trade related sales and marketing, including travel, of \$655,000.
- ⁽⁴⁾ Includes strategic acquisitions with cash outlays of \$4,000,000. Strategic acquisitions also includes the pay down of the Sims earn-out liability of \$18,000,000, to be incurred subsequent to the completion of the Arrangement. This figure is already included as a reduction of working capital and therefore is not reflected in the use of funds.
- ⁽⁵⁾ Includes the estimated costs of the expansion of the Enthusiast Gaming Live Expo to an additional city of \$800,000. A significant portion of these expenses are covered from ticket sales and other related revenue and therefore only a portion of the use of proceeds is allocated to this expense.

(6) Unallocated funds will be added to the working capital of the Resulting Issuer.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. For additional information regarding the funds available to the Resulting Issuer and the proposed use of those funds, refer to the disclosure in Appendix E “*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*”.

Selected Pro-Forma Consolidated Financial Information

The following table summarizes selected (unaudited) pro forma consolidated financial information for the Resulting Issuer as at March 31, 2019. The information should be read in conjunction with the Resulting Issuer’s pro forma consolidated statement of financial position and related notes and other financial information included as Appendix 15.

	J55 (\$)	GameCo (\$)	Luminosity (\$)	QT Pro Forma Adjustments (\$)	QT Resulting Issuer (\$)	Enthusiast Gaming (\$)	Resulting Issuer Pro Forma Adjustments (\$)	Resulting Issuer Pro Forma (\$)
Current assets	1,238,585	29,854,729	420,299	(3,986,886)	27,526,727	12,469,705	9,450,000	49,446,432
Total assets	1,238,585	29,854,729	420,299	35,634,284	67,147,897	13,976,402	111,334,464	192,458,763
Current liabilities	81,503	1,522,388	977,959	10,100,000	12,681,850	2,814,054	(7,750,000)	7,745,904
Total liabilities	81,503	1,522,388	977,959	10,100,000	12,681,850	10,507,172	(7,750,000)	15,439,022
Shareholders’ equity (deficit)	1,157,082	28,332,341	(557,660)	25,534,284	54,466,047	3,469,230	119,084,464	177,019,741

Directors, Officers and Promoters

Assuming the J55 QT Resolution and the relevant resolution increasing the number of directors are passed at the J55 Meeting, the number of directors of the QT Resulting Issuer will be increased from four (4) to five (5) and the term of the Current Directors will expire upon completion of the Amalgamation; it is expected that the QT Directors will be elected. The members of the audit committee for the QT Resulting Issuer are expected to be Michael Beckerman, Adrian Montgomery and John Veltheer. All members of the proposed QT Resulting Issuer audit committee are financially literate, and Mr. Beckerman is independent.

Assuming that the J55 QT Resolution, the J55 Arrangement Resolution and the relevant resolution increasing the number of directors are each passed at the J55 Meeting, the number of directors of the Resulting Issuer will be further increased from five (5) to seven (7) and the term of the QT Directors will expire upon completion of the Arrangement; it is expected that the Arrangement Directors will be elected. Following the Arrangement Closing, the directors and officers of the Resulting Issuer are expected be as follows:

Adrian Montgomery – Chief Executive Officer and Director
Menashe Kestenbaum – President and Director
Stephen Maida – President of Esports and Director
Corey Mandell – President of EGLive
Alex Macdonald – Chief Financial Officer
Eric Bernofsky – Chief Operating Officer and Senior Vice President Finance
Meir Bulua – Chief Information Officer

Francesco Aquilini – Non-Executive Chairman and Director
Ben Colabrese – Director
Alan Friedman – Director
Michael Beckerman – Director

For further information, see “*Particulars of Matters to be Acted Upon at the J55 Meeting – J55 Annual Business – Election of J55 Directors*” and “*Appendix 6 – Information Concerning the Resulting Issuer – Directors Officers and Promoters*”.

Sponsorship for the Qualifying Transaction

Pursuant to Policy 2.2 of the TSXV Corporate Finance Manual, sponsorship is generally required in conjunction with a Qualifying Transaction. J55 applied for, and was granted, an exemption from the sponsorship requirement.

Interests of Experts

To the knowledge of J55, no Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Circular or prepared or certified a report or valuation described or included in this Circular has a direct or indirect beneficial interest in the securities or property of J55, Enthusiast Gaming, GameCo, Luminosity, the Resulting Issuer or in any Associate or Affiliate of the foregoing.

MNP LLP, the auditors of J55, are independent of J55 in accordance with the Code of Professional Conduct for B.C. Chartered Professional Accountants.

MNP LLP, the auditors of Enthusiast Gaming, are independent of Enthusiast Gaming in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

MNP LLP, the auditors of GameCo, are independent of GameCo in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Segal LLP, the auditors of Luminosity, are independent of Luminosity in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Haywood Securities Inc. is not an insider, associate or affiliate of J55, GameCo, Luminosity or Enthusiast Gaming or any of their respective associates or affiliates. Haywood has not entered into any other agreements or arrangements with J55, GameCo, Luminosity or Enthusiast Gaming or any of their associates or affiliates with respect to any future dealings. Haywood acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of J55, GameCo, Luminosity and/or Enthusiast Gaming or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. In the ordinary course of trading and brokerage activities, Haywood, the associates and affiliates thereof and the officers, directors and employees of any of them at any time may hold long or short positions, may trade or otherwise effect transactions, for their own account, for managed accounts or for the accounts of customers, in debt or equity securities of J55, GameCo, Luminosity, Enthusiast Gaming, or related assets or derivative securities.

Risk Factors

The securities of J55 and Enthusiast Gaming (and correspondingly those of the QT Resulting Issuer and the Resulting Issuer) should be considered highly speculative due to the nature of the QT Resulting Issuer and the Resulting Issuer's proposed business and the current stage of GameCo and Enthusiast Gaming's development. An investment in J55, Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of J55, Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer unless they can afford to lose their entire investment. J55 Shareholders and Enthusiast Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the QT Resulting Issuer and the Resulting Issuer. The business of the QT Resulting Issuer and the Resulting Issuer will be subject to risks and hazards, some of which are beyond its control.

Risk factors include, but are not limited to: general economic conditions; risks inherent in the esports and entertainment business; litigation; unprofitable operations; reliance on management; protection of intellectual property assets; difficulty to forecast; variable revenues; the fact that the market price of the Resulting Issuer Shares may be subject to wide price fluctuations; the limited market for the Resulting Issuer Shares; market demand for products and services; operating risks and insurance coverage; the QT Resulting Issuer and the Resulting Issuer's need for additional financing in the future; management of growth; conflicts of interest; the fact that the Resulting Issuer does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future; credit risk; foreign currency fluctuations; risks to the QT Resulting Issuer and the Resulting Issuer's reputation; risk related to government regulation; dependence on third parties; growth of the industry in which the QT Resulting Issuer and the Resulting Issuer will operate; and internal controls.

For a description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see the below section of the Circular entitled, "Risk Factors". Readers should note that such list is not a definitive list of all risk factors associated with an investment in J55, Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer or in connection with the QT Resulting Issuer's or the Resulting Issuer's proposed operations upon completion of the Transactions, and other events could arise that have a material adverse effect on the business of J55, Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer.

TSXV and Securities Law Matters

Completion of the Amalgamation is subject to receipt of the final approval of the TSXV, among other conditions as provided in the Amalgamation Agreement. The TSXV provided conditional approval of the Amalgamation of July 22, 2019. Completion of the Arrangement is subject to receipt of the final approval of the TSXV, among other conditions as provided in the Arrangement Agreement. The TSXV provided conditional approval of the Arrangement on June 12, 2019. There is no assurance J55 will receive final approval from the TSXV for the Amalgamation or the Arrangement.

Under MI 61-101, a formal valuation and minority approval (as defined in MI 61-101) is required for all Related Party Transactions, unless an exemption from these requirements is available. As an exemption from the minority approval requirement is not available under MI 61-101 for the Amalgamation, minority approval is required for the Amalgamation. J55, however, is exempt from the formal valuation requirement as none of the securities of J55 are listed or quoted on the TSX, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc. Under TSXV Policy 2.4, the Amalgamation is also subject to Majority of the Minority Approval.

Stock Exchange Listings

The GameCo Shares are not listed on any Canadian or foreign stock exchange or traded on a Canadian or foreign market. The J55 Shares are currently listed on the TSXV under the symbol “FIVE.P”. The J55 Shares were halted from trading on the TSXV on February 19, 2019, pending completion of the Amalgamation. The closing price of the J55 Shares on the TSXV on February 19, 2019, being the last trading date prior to the imposition of the halt and the announcement of the Amalgamation, was \$0.315 (\$0.39375 on a post-First Consolidation basis and \$3.15 on a post-Consolidations basis). The Enthusiast Shares are currently listed on the TSXV under the symbol “EGLX”. It is intended that, in connection with the Arrangement Closing, the Enthusiast Shares will be delisted from the TSXV. The Resulting Issuer intends to have the Resulting Issuer Shares listed on the TSXV under the symbol “EGLX”.

INFORMATION FOR J55 AND ENTHUSIAST BENEFICIAL HOLDERS

The information set forth in this section is of significant importance to Shareholders, as a substantial number of Shareholders may not hold Shares in their own name but instead hold their Shares through brokers, financial institutions or other intermediaries or other nominees. Shareholders who do not hold their Shares in their own name (referred to in this Circular as “**Beneficial Holders**”) should note that only proxies deposited by Shareholders whose names appear on the shareholder records maintained by or on behalf J55 or Enthusiast Gaming, as applicable, as the registered holders of Shares can be recognized and acted upon at the J55 Meeting or the Enthusiast Meeting, as applicable. If Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Shares will not be registered in a holder’s name on the records of J55 or Enthusiast Gaming, as applicable. Such Shares will more likely be registered in the name of the applicable holder’s broker or an agent of the broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., or CDS, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted for or against resolutions upon instructions of the Beneficial Holder. Without specific instructions, brokers/nominees are prohibited from voting Shares for their clients. Beneficial Holders should therefore ensure that instructions regarding the voting of their Shares are properly communicated to the appropriate Person or that the Shares are duly registered in their name well in advance of the J55 Meeting or the Enthusiast Meeting, as applicable.

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Holders in advance of shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Shares are voted at the J55 Meeting or the Enthusiast Meeting, as applicable. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to a registered Shareholder. However, its purpose is limited to instructing the registered Shareholder on how to vote on behalf of the Beneficial Holder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable Voting Instruction Form in lieu of the applicable form of proxy. The Beneficial Holder is requested to complete and return the Voting Instruction Form by mail or facsimile. Alternatively, the Beneficial Holder can call a toll-free telephone number or access the internet to vote the shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the J55 Meeting or Enthusiast Meeting, as applicable. A Beneficial Holder receiving a form of proxy or Voting Instruction Form from their broker or other intermediary (or an agent or nominee of such broker or other intermediary) cannot use that form to vote Shares directly at the J55 Meeting or the Enthusiast Meeting, as applicable. Voting instructions must be communicated to the broker, intermediary, agent or nominee (in accordance with the instructions provided by it or on its behalf) well in advance of the J55 Meeting or the Enthusiast Meeting, as

applicable, in order to have the Shares to which such instructions relate voted at the J55 Meeting or the Enthusiast Meeting, as applicable.

If you are a Beneficial Holder and wish to vote in person at the J55 Meeting or the Enthusiast Meeting, as applicable, please contact your broker or agent well in advance of the J55 Meeting or the Enthusiast Meeting, as applicable, to determine how you can do so. Although a Beneficial Holder may not be recognized directly at the J55 Meeting or the Enthusiast Meeting, as applicable, for the purpose of voting Shares registered in the name of its broker or other intermediary, a Beneficial Holder may vote those Shares as a proxyholder for the registered Shareholder. To do this, a Beneficial Holder should enter such Beneficial Holder's own name in the blank space on the applicable form of proxy provided to the Beneficial Holder and return the document to such Beneficial Holder's broker or other intermediary (or the agent of such broker or other intermediary), in accordance with the instructions provided by such broker, intermediary or agent, well in advance of the J55 Meeting or the Enthusiast Meeting, as applicable.

Through their respective transfer agents, Enthusiast Gaming and J55 are sending meeting materials directly to non-objecting Beneficial Holders in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, and do not intend to pay for intermediaries to deliver such meeting materials to objecting Beneficial Holders.

GENERAL PROXY INFORMATION FOR J55 SHAREHOLDERS

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of J55 for use at the J55 Meeting, and at any adjournment(s) or postponement(s) thereof. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of J55. J55 will not reimburse nominees or agents (including brokers holding J55 Shares on behalf of clients) of any J55 Shareholders for the cost incurred in obtaining authorization to execute the enclosed form of proxy from their principals. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by J55. All of the directors and officers of J55 have entered into the J55 Support Agreements pursuant to which they have agreed to vote any J55 Shares held by them in favour of all matters to be considered at the J55 Meeting.

Appointment of Proxyholder

Registered Shareholders are entitled to vote in person or by proxy at the J55 Meeting. A J55 Shareholder is entitled to one vote for each J55 Share that such J55 Shareholder holds on the applicable record date for the J55 Meeting on the resolutions to be voted upon at the J55 Meeting, and any other matter(s) to come before the J55 Meeting.

The Designated Persons named in the enclosed form of proxy are directors and/or officers of J55.

A J55 SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A J55 SHAREHOLDER) OTHER THAN THE DESIGNATED PERSONS TO ATTEND AND ACT FOR OR ON BEHALF OF THAT J55 SHAREHOLDER AT THE J55 MEETING.

A J55 SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH J55 SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE

APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE REGISTERED J55 SHAREHOLDER'S J55 SHARES, SHOULD BE VOTED. THE NOMINEE MUST BRING PERSONAL IDENTIFICATION TO THE J55 MEETING.

In order to be voted, J55 Shareholders must send their completed form of proxy to the J55 Transfer Agent at its offices located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9, by mail, fax or other method described in the form of proxy, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the J55 Meeting, or any adjournment or postponement thereof.

The chair of the J55 Meeting shall have the sole discretion, without notice, to waive or extend the proxy deadline for such J55 Meeting.

A proxy may not be valid unless it is dated and signed by the J55 Shareholder who is giving it or by that J55 Shareholder's attorney-in-fact duly authorized by that J55 Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual J55 Shareholder or joint J55 Shareholders, or by an officer or attorney-in-fact for a corporate J55 Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

Revocation of Proxies

A J55 Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that J55 Shareholder or by that J55 Shareholder's attorney-in-fact, authorized in writing, or, where the J55 Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to J55 at its head office at any time up to and including the last Business Day preceding the day of the J55 Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the chair of the J55 Meeting prior to the vote on matters covered by the proxy on the day of the J55 Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

A proxy will automatically be revoked by either: (i) attendance at the J55 Meeting and participation in a poll (ballot) by a J55 Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

Voting of Shares and Proxies and Exercise of Discretion by Designated Persons

A J55 Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the J55 Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the J55 Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The J55 Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the J55 Shareholder on any ballot that may be called for and if a J55 Shareholder specifies a choice with respect to any matter to be acted upon, the J55 Shares will be voted accordingly.**

IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS

INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE J55 SHARES REPRESENTED BY EACH PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.

The enclosed form of proxy confers discretionary authority upon the Designated Persons named therein with respect to other matters which may properly come before the J55 Meeting, including any amendments or variations to any matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the J55 Meeting. At the date of this Circular, management of J55 is not aware of any such amendments, variations, or other matters to come before the J55 Meeting.

In the case of abstentions from, or withholding of, the voting of J55 Shares on any matter, the J55 Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

GENERAL PROXY INFORMATION FOR ENTHUSIAST SHAREHOLDERS

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Enthusiast Gaming for use at the Enthusiast Meeting, and at any adjournment(s) or postponement(s) thereof. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of Enthusiast Gaming. Enthusiast Gaming will not reimburse nominees or agents (including brokers holding Enthusiast Shares on behalf of clients) of any Enthusiast Shareholders for the cost incurred in obtaining authorization to execute the enclosed form of proxy from their principals. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by Enthusiast Gaming. All of the directors and officers of Enthusiast Gaming have entered into the Enthusiast Support Agreements pursuant to which they have agreed to vote any Enthusiast Shares held by them in favour of all matters to be considered at the Enthusiast Meeting.

Appointment of Proxyholder

Registered Shareholders are entitled to vote in person or by proxy at the Enthusiast Meeting. An Enthusiast Shareholder is entitled to one vote for each Enthusiast Share that such Enthusiast Shareholder holds on the applicable record date for the Enthusiast Meeting on the resolutions to be voted upon at the Enthusiast Meeting, and any other matter(s) to come before the Enthusiast Meeting.

The Designated Persons named in the enclosed form of proxy are directors and/or officers of Enthusiast Gaming.

AN ENTHUSIAST SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE AN ENTHUSIAST SHAREHOLDER) OTHER THAN THE DESIGNATED PERSONS TO ATTEND AND ACT FOR OR ON BEHALF OF THAT ENTHUSIAST SHAREHOLDER AT THE ENTHUSIAST MEETING.

AN ENTHUSIAST SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH ENTHUSIAST SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE REGISTERED ENTHUSIAST SHAREHOLDER'S ENTHUSIAST SHARES, SHOULD BE VOTED. THE NOMINEE MUST BRING PERSONAL IDENTIFICATION TO THE ENTHUSIAST MEETING.

In order to be voted, Enthusiast Shareholders must send their completed form of proxy to the Enthusiast Transfer Agent at its offices located at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1, by mail, fax or other method described in the form of proxy, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of Ontario) prior to the scheduled time of the Enthusiast Meeting, or any adjournment or postponement thereof.

The chair of the Enthusiast Meeting shall have the sole discretion, without notice, to waive or extend the proxy deadline for such Enthusiast Meeting.

A proxy may not be valid unless it is dated and signed by the Enthusiast Shareholder who is giving it or by that Enthusiast Shareholder's attorney-in-fact duly authorized by that Enthusiast Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Enthusiast Shareholder or joint Enthusiast Shareholders, or by an officer or attorney-in-fact for a corporate Enthusiast Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

Revocation of Proxies

An Enthusiast Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Enthusiast Shareholder or by that Enthusiast Shareholder's attorney-in-fact, authorized in writing, or, where the Enthusiast Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to Enthusiast Gaming at its head office at any time up to and including the last Business Day preceding the day of the Enthusiast Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the chair of the Enthusiast Meeting prior to the vote on matters covered by the proxy on the day of the Enthusiast Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

A proxy will automatically be revoked by either: (i) attendance at the Enthusiast Meeting and participation in a poll (ballot) by an Enthusiast Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

Voting of Shares and Proxies and Exercise of Discretion by Designated Persons

An Enthusiast Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Enthusiast Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Enthusiast Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The Enthusiast Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Enthusiast Shareholder on any ballot that may be called for and if an Enthusiast Shareholder specifies a choice with respect to any matter to be acted upon, the Enthusiast Shares will be voted accordingly.**

IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE ENTHUSIAST SHARES REPRESENTED BY EACH PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.

The enclosed form of proxy confers discretionary authority upon the Designated Persons named therein with respect to other matters which may properly come before the Enthusiast Meeting, including any amendments or variations to any matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Enthusiast Meeting. At the date of this Circular, management of Enthusiast Gaming is not aware of any such amendments, variations, or other matters to come before the Enthusiast Meeting.

In the case of abstentions from, or withholding of, the voting of Enthusiast Shares on any matter, the Enthusiast Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE J55 MEETING

Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than as set forth below and elsewhere herein, J55 is not aware of any material interests, other than as J55 Shareholders, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of J55, or any J55 Shareholder holding more than 10% of the voting rights attached to the J55 Shares, or any Associate or Affiliate of any of the foregoing, in any transaction which has or will materially affect J55, or in any matters to be considered at the J55 Meeting.

As at the date of this Circular, the directors and officers of J55, as a group, owned, directly or indirectly, 11,000,500 J55 Shares (on a pre-Consolidations basis), or approximately 57.9% of the issued and outstanding J55 Shares, on an undiluted basis.

Interest of Certain Persons or Companies in the Amalgamation

J55 has entered into the Amalgamation Agreement with GameCo and Newco, which is a matter for approval before the J55 Meeting. To the knowledge of J55, the following directors, officers and other Insiders of J55 or proposed directors, officers and Insiders of the Resulting Issuer, own, directly or indirectly, or exercise control of or direction over the following GameCo Shares and/or hold the following positions with GameCo:

Name	Position with J55	Proposed Position with the Resulting Issuer	Position with GameCo	GameCo Shares
Francesco Aquilini	Director and Insider	Non-Executive Chairman, Director	Director, Chairman of the Board and Insider	22,500,100
Adrian Montgomery	CEO, Director and Insider	CEO, Director	Chief Executive Officer, Director and Insider	22,750,000
Stephen Maida ⁽¹⁾	N/A	President of Esports, Director and Insider	Proposed Director, President and Chief Operating Officer and Insider	60,000,000 ⁽²⁾
Michael Beckerman	N/A	Director	N/A	333,333 ⁽³⁾
Alexander Helm	Director	N/A	N/A	1,000,000
John Veltheer	CFO and Director	Director	N/A	1,000,000
Roberto Aquilini	Insider	N/A	Insider	25,000,000

Name	Position with J55	Proposed Position with the Resulting Issuer	Position with GameCo	GameCo Shares
			TOTAL	132,583,433

- (1) Upon completion of the Luminosity Acquisition, Stephen Maida will become the President and Chief Operating Officer of GameCo.
- (2) GameCo Shares have to be issued to Stephen Maida, upon completion of the Luminosity Acquisition.
- (3) Beckerman Holdings Corp., a company controlled by Michael Beckerman, subscribed for 333,333 GameCo Subscription Receipts pursuant to the GameCo Subscription Receipt Offering, which GameCo Subscription Receipts will automatically convert into GameCo Shares upon satisfaction of the Escrow Release Conditions.

Interest of Certain Persons or Companies in the Arrangement

J55 has entered into the Arrangement Agreement with Enthusiast Gaming, which is a matter for approval before the J55 Meeting. To the knowledge of J55, the following directors, officers and other Insiders of J55 or proposed directors, officers and Insiders of the Resulting Issuer, own, directly or indirectly, or exercise control of or direction over the following Enthusiast Shares and/or hold the following positions with Enthusiast Gaming:

Name	Position with J55	Proposed Position with the Resulting Issuer	Position with Enthusiast Gaming	Enthusiast Shares
Menashe Kestenbaum	N/A	President, Director	CEO, Director	2,748,827
Alan Friedman	N/A	Director	Chair, Director	1,100,905
Ben Colabrese	N/A	Director	Director	Nil
Meir Bulua	N/A	Chief Information Officer	Chief Information Officer	2,104,923
Eric Bernofsky	N/A	COO, Senior VP Finance	COO, Senior VP Finance	591,953
Corey Mandell	N/A	President EGLive	Executive Producer, EGLX	1,659,146
			TOTAL	8,205,754

Interest of Informed Persons in Material Transactions of J55

Other than as disclosed in this Circular and transactions carried out in the ordinary course of business of J55, none of the directors or executive officers of J55, any J55 Shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding J55 Shares, nor any Associate or Affiliate of any of the foregoing, has had, during the most recently completed financial year of J55, or during the current financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect J55, except with an interest arising from the ownership of J55 Shares where such person will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the J55 Shares. See “Appendix 1 – Information Concerning the Amalgamation – Non-Arm’s Length Qualifying Transaction”.

J55 Voting Shares and Principal Holders Thereof

J55 is authorized to issue an unlimited number of J55 Shares without par value and an unlimited number of J55 Preferred Shares without par value. As at the record date, 19,000,000 J55 Shares (on a pre-

Consolidations basis) were issued and outstanding and no J55 Preferred Shares were issued and outstanding. Holders of record of J55 Shares at the close of business on the record date are entitled to receive notice of and to vote at the J55 Meeting. Holders of J55 Shares are entitled to one (1) vote for each J55 Share held.

To the knowledge of the directors and executive officers of J55, as at the record date, the following Persons beneficially own, directly or indirectly, or control or direct, J55 Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding J55 Shares:

Name	J55 Shares (% of issued and outstanding) ⁽¹⁾
Francesco Aquilini	4,001,000 (21.1%)
Roberto Aquilini	3,999,500 (21.1%)
Adrian Montgomery	3,999,500 (21.1%)
John Veltheer	2,625,000 (13.8%)

⁽¹⁾ Based on 19,000,000 pre-Consolidations J55 Shares being issued and outstanding on the record date.

J55 Annual Business

Election of J55 Directors

The J55 Board presently consists of four directors, being Francesco Aquilini, John Veltheer, Alexander Helm and Adrian Montgomery (collectively, the “**Current Directors**”). The J55 Shareholders are required to elect the directors of J55 to hold office until the next annual meeting of J55 Shareholders or until the successors of such directors are elected or appointed. As it is not appropriate to give effect to the election of the QT Directors and the Arrangement Directors until the Amalgamation Closing and the Arrangement Closing, respectively, in order to avoid a premature election of the QT Directors and the Arrangement Directors, and in order to dispense with the need to call an additional meeting of J55 Shareholders to increase the size of the J55 Board and elect the QT Directors and the Arrangement Directors following the Amalgamation Closing and the Arrangement Closing, respectively, the J55 Shareholders will be asked at the J55 Meeting to consider, and if thought appropriate, to pass, three separate ordinary resolutions, as more particularly described below.

At the J55 Meeting, it is expected that the Current Directors will be elected to hold office until the earlier of the Amalgamation Closing, the next annual meeting of J55 Shareholders, or until successors of such directors are elected or appointed.

If the Amalgamation is completed, the size of the J55 Board will be increased from four to five directors, the term of the Current Directors will expire as of the Amalgamation Closing, and it is expected that Francesco Aquilini, Adrian Montgomery, John Veltheer, Stephen Maida and Michael Beckerman (collectively, the “**QT Directors**”) will be elected to hold office until the earlier of the Arrangement Closing, the next annual meeting of J55 Shareholders, or until the successors of such directors are elected or appointed.

If the Arrangement is completed, the size of the J55 Board will be increased from five to seven directors, the term of the QT Directors will expire as of the Arrangement Closing, and it is expected that three (3) nominees of GameCo, being Francesco Aquilini, Adrian Montgomery and Stephen Maida, three (3) nominees of Enthusiast Gaming, being Menashe Kestenbaum, Alan Friedman and Ben Colabrese, and one (1) independent nominee, being Michael Beckerman (collectively, the “**Arrangement Directors**”), will be elected to hold office until the next annual meeting of J55 Shareholders or until the successors of such directors are elected or appointed.

The texts of the resolutions described above are as follows:

The J55 Board unanimously recommends that the J55 Shareholders vote FOR each of the following resolutions.

Resolution Regarding Current Directors

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the setting of the number of directors of J55 at four be and is hereby authorized and approved; and
2. the election of Francesco Aquilini, John Veltheer, Alexander Helm and Adrian Montgomery as directors of J55, to hold office until the earlier of the next annual meeting of the J55 Shareholders and the Amalgamation Closing, or until their successors are elected or appointed, be and is hereby authorized and approved.”

Unless authority to do so is withheld, the Designated Persons named in the form of proxy intend to vote in favour of the election of the Current Directors, whose names are set forth in the resolution above.

Resolution Regarding QT Directors

“RESOLVED AS AN ORDINARY RESOLUTION THAT, at the Amalgamation Closing:

1. the increase in the number of directors of J55 from four to five be and is hereby authorized and approved; and
2. the election of Francesco Aquilini, Adrian Montgomery, John Veltheer, Stephen Maida and Michael Beckerman as directors of J55, to hold office until the earlier of the next annual meeting of the J55 Shareholders and the Arrangement Closing, or until their successors are elected or appointed, be and is hereby authorized and approved.”

Unless authority to do so is withheld, the Designated Persons named in the form of proxy intend to vote in favour of the election of the QT Directors, whose names are set forth in the resolution above, effective as of the Amalgamation Closing.

Resolution Regarding Arrangement Directors

“RESOLVED AS AN ORDINARY RESOLUTION THAT, at the Arrangement Closing:

3. the increase in the number of directors of J55 from five to seven be and is hereby authorized and approved; and
4. the election of Francesco Aquilini, Adrian Montgomery, Stephen Maida, Menashe Kestenbaum, Alan Friedman, Ben Colabrese and Michael Beckerman as directors of J55, to hold office from the Arrangement Closing until the next annual meeting of the J55 Shareholders, or until their successors are elected or appointed, be and is hereby approved.”

Unless authority to do so is withheld, the Designated Persons named in the form of proxy intend to vote in favour of the election of the Arrangement Directors, whose names are set forth in the resolution above, effective as of the Arrangement Closing.

The forms of the proposed resolutions set forth above are subject to such amendments as management may propose at the J55 Meeting but which do not materially affect the substance of the proposed resolutions. Each of the resolutions must be approved by more than 50% of the votes cast by J55 Shareholders present in person or represented by proxy at the J55 Meeting.

In the event that the Transactions are not completed, the Current Directors will remain as directors and the additional nominees included in the QT Directors and the Arrangement Directors will not become directors.

Current Directors

The following table sets out biographical information with respect to each of the Current Directors:

Name, Province, Country of Residence, and Position(s) with J55	Principal Occupation, Business, or Employment for Last Five Years	Director of J55 Since	Expiry of Term	Number of J55 Shares Beneficially Owned, Controlled or Directed on a pre- Consolidations basis	Number of Resulting Issuer Shares Expected to Beneficially Owned, Controlled or Directed following the Closing, on a post-Consolidations basis
Adrian Montgomery ⁽¹⁾ Ontario, Canada <i>CEO and Director</i>	Chief Executive Officer of Aquilini Sports and Entertainment from May 2017 to December 2018 Chief Executive Officer of QM Environmental Services from March 2015 to September 2017 President of Tuckamore Capital from January 2010 to February 2015	June 27, 2018	At the next Annual Meeting	3,999,500 ⁽²⁾	3,243,700
John Veltheer British Columbia, Canada <i>CFO and Director</i>	Self-employed business consultant	June 27, 2018	At the earlier of the Arrangement Closing or the next Annual Meeting	2,625,000 ⁽³⁾⁽⁴⁾	387,500
Alexander Helmel ⁽¹⁾ British Columbia, Canada <i>Director</i>	Self-employed business consultant	June 27, 2018	At the earlier of the Amalgamation Closing or the next Annual Meeting	375,000 ⁽⁵⁾⁽⁶⁾	162,500
Francesco Aquilini ⁽¹⁾ British Columbia, Canada <i>Director</i>	Managing director of Aquilini Investment Group LP	June 27, 2018	At the next Annual Meeting	4,001,000 ⁽⁷⁾	3,312,612

⁽¹⁾ Member of the J55 Audit Committee.

⁽²⁾ Mr. Montgomery also holds 685,000 pre-Consolidations J55 Options each exercisable into one pre-Consolidations J55 Share at an exercise price of \$0.10 for a period of 10 years from the date of the Final Exchange Bulletin.

- (3) Mr. Veltheer also holds 300,000 pre-Consolidations J55 Options each exercisable into one pre-Consolidations J55 Share at an exercise price of \$0.10 for a period of 10 years from the date of the Final Exchange Bulletin.
- (4) Mr. Veltheer's spouse is the beneficial owner of an additional 80,000 J55 Shares.
- (5) Mr. Helmel also holds 40,000 pre-Consolidations J55 Options each exercisable into one pre-Consolidations J55 Share at an exercise price of \$0.10 for a period of 10 years from the date of the Final Exchange Bulletin.
- (6) Mr. Helmel's spouse is the beneficial owner of an additional 80,000 J55 Shares.
- (7) Mr. Aquilini also holds 685,000 pre-Consolidations J55 Options each exercisable into one pre-Consolidations J55 Share at an exercise price of \$0.10 for a period of 10 years from the date of the Final Exchange Bulletin.

Further details regarding the principal occupations, businesses or employment and additional information concerning each of the Current Directors during the past five years who will remain directors of the Resulting Issuer are disclosed in their biographies set forth in "Appendix 6 – Information Concerning the Resulting Issuer – Directors, Officers and Promoters".

New Directors

The following table sets out biographical information with respect to each of the QT Directors and the Arrangement Directors who are not Current Directors (collectively, the "New Directors"):

Name, Province and Country of Residence and Position(s) to be Held at Closing	Principal Occupation Over the Past 5 Years	Director of J55 Since	Expiry of Term	Number of Resulting Issuer Shares Expected to Beneficially Owned, Controlled or Directed following the Closing, on a post-Consolidations basis
Stephen Maida Ontario, Canada <i>President of Esports and Director</i>	Founder and owner of Luminosity Director of Marketing at Sokoloff Lawyers from January 2014 to January 2016	N/A	At the next Annual Meeting	7,500,000
Michael Beckerman Ontario, Canada <i>Director</i>	Self-employed business consultant	N/A	At the next Annual Meeting	41,666
Menashe Kestenbaum Ontario, Canada <i>President and Director</i>	CEO and Founder of Enthusiast Gaming	N/A	At the next Annual Meeting	1,450,006
Ben Colabrese Ontario, Canada <i>Director</i>	Executive VP Finance at Toronto Blue Jays Senior VP Finance at Rogers Communications Inc.	N/A	At the next Annual Meeting	Nil
Alan Friedman Ontario, Canada <i>Director</i>	Principal at Rivonia Capital Inc.	N/A	At the next Annual Meeting	580,727

Further details regarding the principal occupations, businesses or employment and additional information concerning each of the New Directors during the past five years are disclosed in their biographies set forth in *"Appendix 6 – Information Concerning the Resulting Issuer – Directors, Officers and Promoters"*.

Except as noted below, to the knowledge of J55, none of the nominees for election as director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of the Circular, a director, CEO or CFO of any company (including J55) that,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while the proposed director was acting in the capacity as director, CEO or CFO of such company, or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company;
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including J55) that, while that proposed director was acting in that capacity, or within a year of that proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On August 6, 2015, a cease trade order was issued by the British Columbia Securities Commission against Echelon Petroleum Corp. (now called Trenchant Capital Corp.) for failure to file its annual audited financial statements. John Veltheer was a director of Echelon Petroleum Corp. at the time of the cease trade order. On January 29, 2016, the British Columbia Securities Commission issued a partial revocation order in respect of the cease trade order. Echelon Petroleum Corp. subsequently filed its delinquent financial statements and the cease trade order was revoked on April 25, 2016.

John Veltheer was a director of European Ferro Metals Ltd. (now called Boreal Metals Corp.) ("EFM") until July 14, 2015. On September 11, 2015, EFM received a cease trade order issued by the British Columbia Securities Commission for failure to file audited financial statements and management's discussion and analysis within the prescribed deadline. The financial statements and management's

discussion and analysis were filed and the cease trade order was subsequently revoked on December 1, 2015.

Appointment of Auditor

At the J55 Meeting, J55 Shareholders will be asked to vote in favour of the re-appointment of MNP LLP as the auditor of J55 at remuneration to be determined by the J55 Board. If elected, MNP LLP will hold office as the auditor of J55 until the next annual meeting of J55 Shareholders or until their successor is duly elected or appointed pursuant to the articles of J55, unless their position is earlier vacated in accordance with the provisions of the BCBCA or J55's articles.

The proposed resolution will be substantially in the form set forth below:

“RESOLVED AS AN ORDINARY RESOLUTION THAT the appointment of MNP LLP as the auditor of J55, to hold office until the next annual meeting of J55 Shareholders or until their successor is duly elected or appointed pursuant to the constating documents of J55 and applicable securities laws, at remuneration to be fixed by the board of directors of J55, be and is hereby authorized and approved.”

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the J55 Meeting but which do not materially affect the substance of the proposed resolution. The resolution must be approved by more than 50% of the votes cast by J55 Shareholders present in person or represented by proxy at the J55 Meeting.

The J55 Board unanimously recommends that the J55 Shareholders vote FOR the reappointment of MNP LLP as auditor for J55 at a remuneration to be fixed by the J55 Board. The Designated Persons intend to vote the J55 Shares represented by a form of proxy in favour of the resolution set forth above, unless directed by a J55 Shareholder that such holder's J55 Shares are to be withheld from voting on such resolution.

Approval of J55 Option Plan

At the J55 Meeting, J55 Shareholders will be asked to approve the J55 Option Plan, which was adopted by the J55 Board on July 23, 2018, and was amended on July 9, 2019 to make a clerical correction. The J55 Option Plan provides detailed information about the requirements with respect to stock option grants as mandated by the TSXV. In addition to J55 Options, the J55 Option Plan also provides for the ability to grant J55 Charitable Options to Eligible Charitable Organizations pursuant to the TSXV Policies. The full text of the J55 Option Plan is set out at Appendix 23.

The J55 Option Plan is a “rolling” stock option plan, whereby the aggregate number of J55 Shares reserved for issuance under the J55 Option Plan, including any other compensation plan or agreement of J55 that contemplates the issuance of J55 Shares, shall not exceed 10% of the total number of issued J55 Shares (calculated on an undiluted basis) at the time a J55 Option is granted. As of the date of this Circular, 1,710,000 J55 Options and 190,000 J55 Charitable Options (each, on a pre-Consolidations basis) have been granted under the J55 Option Plan.

The following information is intended as a brief description of the J55 Option Plan and is qualified in its entirety by the full text of the J55 Option Plan, a copy of which is attached as Appendix 23:

1. The exercise price of an option will be set by the J55 Board at the time each J55 Option or J55 Charitable Option is granted, and cannot be less than the Discounted Market Price (as defined in the policies of the TSXV).

2. If a J55 Option or J55 Charitable Option expires unexercised, is terminated pursuant to the J55 Option Plan, or is otherwise lawfully cancelled prior to the exercise of the J55 Option, the J55 Shares that were issuable thereunder will be returned to the J55 Option Plan and will be eligible for re-issuance.
3. J55 Options may only be granted to *bona fide* Consultants, Employees, Officers or Directors (as those terms are defined in the J55 Option Plan) of J55, and J55 Charitable Options may only be granted to Eligible Charitable Organizations.
4. The number of J55 Shares reserved for issuance to any one person will not exceed 5% of the issued and outstanding J55 Shares.
5. No J55 Options or J55 Charitable Options granted under the J55 Option Plan may have an expiry date exceeding ten years from the date on which the J55 Option is granted.
6. Except in the case of a Tier 1 issuer, J55 Options granted to any one Insider, or that Insider's Associates, in any 12 month period cannot exceed 5% of the issued J55 Shares, unless J55 has obtained J55 Disinterested Shareholder approval.
7. J55 Options granted in any 12 month period to all Consultants, in aggregate, cannot exceed 2% of the issued J55 Shares, calculated at the time of grant, without the prior consent of the TSXV.
8. J55 Options granted in any 12 month period to all Persons, in aggregate, conducting investor relations activities, cannot exceed 2% of the issued J55 Shares, calculated at the time of grant, without the prior consent of the TSXV.
9. J55 Charitable Options granted and outstanding to Eligible Charitable Organizations cannot exceed 1% of the issued J55 Shares, as calculated immediately subsequent to the grant.
10. If an optionee ceases to be a Consultant, Employee, Director or Officer of J55 for any reason other than death, such optionee's J55 Options, whether or not vested at the date of cessation, will terminate within a period of time to be determined by the Board at the time of grant, such period not to exceed one year.
11. If an optionee dies, any vested J55 Option held by the optionee at the date of death will become exercisable by the optionee's legal representatives until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such J55 Option.
12. The J55 Option Plan will be administered by the J55 Board, or a committee thereof, which will be responsible for the general administration of the J55 Option Plan and the proper execution of its provisions, the interpretation of the J55 Option Plan and the determination of all questions arising thereunder.
13. J55 Options granted under the J55 Option Plan shall not be assignable or transferable by an optionee.
14. The J55 Board may from time to time, subject to regulatory or J55 Shareholder approval, if required under the policies of the TSXV, amend or revise the terms of the J55 Option Plan.

The J55 Option Plan provides that other terms and conditions may be attached to a particular J55 Option at the discretion of the J55 Board. The J55 Option Plan is subject to receipt of the annual ratification of J55 Shareholders and annual TSXV acceptance.

At the J55 Meeting, J55 Shareholders will be asked to approve the following ordinary resolution (the “**J55 Option Plan Resolution**”), which must be approved by at least a majority of the votes cast by J55 Shareholders present in person or represented by proxy at the J55 Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The 2018 stock option plan (the “**Plan**”), as described in J55’s management information circular dated July 23, 2019, be and is hereby ratified, confirmed and approved; and
2. Any director or officer of J55 be and is hereby authorized and directed to execute or cause to be executed, under corporate seal of J55 or otherwise, and to deliver or cause to be delivered, all such documents, and do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the J55 Meeting but which do not materially affect the substance of the proposed resolution.

The J55 Board unanimously recommends that the J55 Shareholders vote FOR the J55 Option Plan Resolution. It is the intention of the Designated Persons, if not expressly directed otherwise in a J55 Shareholder’s form of proxy, to vote such proxy in favour of the J55 Option Plan Resolution.

J55 Special Business

Approval of the Amalgamation with GameCo

At the J55 Meeting, J55 Disinterested Shareholders will be asked to consider and, if deemed advisable, pass the J55 QT Resolution, the complete text of which is set out below, authorizing the Amalgamation Agreement, the completion of the Amalgamation and the completion of the transactions contemplated by the Amalgamation Agreement. In order to become effective, the J55 QT Resolution must be approved by more than 50% of all votes cast with respect to the J55 QT Resolution by the J55 Disinterested Shareholders present in person or represented by proxy at the J55 Meeting. If the J55 QT Resolution is not approved at the J55 Meeting, the Amalgamation may not proceed in its present form, or at all.

At the J55 Meeting, J55 Disinterested Shareholders will be asked to approve the following ordinary resolution, the J55 QT Resolution, which must be approved by at least a majority of the votes cast by J55 Disinterested Shareholders present in person or represented by proxy at the J55 Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION OF THE J55 DISINTERESTED SHAREHOLDERS THAT:

1. The execution and delivery by J55 of the amalgamation agreement (the “**Amalgamation Agreement**”) dated May 30, 2019, as amended, among J55 Capital Corp. (“**J55**”), Aquilini GameCo Inc. (“**GameCo**”) and 11305751 Canada Inc. (“**Newco**”), a newly-incorporated wholly-owned subsidiary of J55, pursuant to which it is proposed that GameCo and Newco amalgamate on the terms and conditions set forth therein to continue as one corporation pursuant to the provisions of the *Canada Business Corporations Act* (the

“**Amalgamation**”) and the other transactions contemplated therein, which will be J55’s Qualifying Transaction, as defined in the policies of the TSX Venture Exchange (the “**TSXV**”), as more particularly described in the management information circular of J55 (the “**Circular**”) dated July 23, 2019 be and is hereby ratified, confirmed and approved;

2. Subject to the approval of the TSXV, the performance by J55 of its obligations under the Amalgamation Agreement, including (i) each outstanding common share of GameCo being exchanged for one (1) fully paid and non-assessable post-First Consolidation J55 Share (as defined in the Circular); (ii) each outstanding GameCo Warrant (as defined in the Circular) being exchanged for one post-First Consolidation warrant of J55 to purchase the corresponding number of post-First Consolidation J55 Shares on the same terms as those contained in the GameCo Warrant, as applicable, immediately prior to the Amalgamation; (iii) each outstanding GameCo Option (as defined in the Circular) being replaced with one option to be issued by J55 to purchase the corresponding number of post-First Consolidation J55 Shares on the same terms as those contained in the GameCo Option immediately prior to the Amalgamation, be and is hereby authorized and approved and (iv) the outstanding GameCo Debentures (as defined in the Circular) being replaced with convertible debentures of J55 on the same terms as those contained in the GameCo Debentures;
3. Subject to the approval of the TSXV, the completion of the transactions contemplated by the Amalgamation Agreement, on such terms and conditions as the J55 Board (as defined in the Circular) may determine, in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Amalgamation Agreement, be and are hereby authorized and approved;
4. The entry by GameCo or J55, as applicable, into certain consulting agreements with consultants who will render services to the QT Resulting Issuer or the Resulting Issuer (as such terms are defined in the Circular), as applicable, as such agreements may be amended if required by the TSXV, the performance of the obligations of GameCo and J55 thereunder, and the payment of the compensation thereunder, including, without limitation the issuance of an aggregate of up to 4,666,665 post-First Consolidation J55 Shares at a deemed price of \$0.45 per share on the terms and conditions of such agreements, as more particularly described in the Circular, be and is hereby authorized and approved;
5. Notwithstanding the approval of this resolution by the Disinterested Shareholders (as defined in the Circular), or the approval of the Qualifying Transaction by the TSXV, the J55 Board is hereby authorized and empowered, without further notice to, or approval of, the J55 Disinterested Shareholders to: (a) amend, modify or supplement the Amalgamation Agreement in accordance with its terms, and (b) not proceed with the transactions contemplated by the Amalgamation Agreement or any related transactions; and
6. Any one director or officer of J55 (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
 - (a) execute and deliver, for and on behalf of J55, under the seal of J55 or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and

- (b) do or cause to be done all such other acts or things for or on behalf of J55 as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of J55 in connection with any transaction or matter contemplated by these resolutions shall be binding on J55 and shall be conclusively presumed to be the act of J55.”

Pursuant to TSXV Policy 2.4, the Qualifying Transaction requires Majority of the Minority Shareholder Approval. Accordingly, the votes cast on the J55 QT Resolution will also be tabulated to determine if the Majority of the Minority Shareholder Approval is obtained, and for such tabulation, in addition to the shares of the interested J55 Shareholders being excluded, the J55 Shares held by the Disinterested J55 Shareholders who are directors and officers of J55, and the Associates and Affiliates of such persons, will also be excluded. See “*Appendix 1 – Information Concerning the Amalgamation – Majority of the Minority Approval*”.

J55 Amalgamation Support Agreements

The J55 Shareholders listed below beneficially owning, or exercising control or direction over, directly or indirectly, J55 Shares representing approximately 79% of the issued and outstanding J55 Shares as of May 30, 2019 entered into the J55 Amalgamation Support Agreements with GameCo pursuant to which, among other things, they agreed to be counted as present for purposes of establishing quorum at the J55 Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable and to the extent permitted by Applicable Securities Laws and the TSXV Policies, for the J55 QT Resolution and against any resolution inconsistent with the J55 QT Resolution, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted for the J55 QT Resolution.

Beneficial J55 Shareholder	Number of pre-Consolidations J55 Shares Subject to J55 Amalgamation Support Agreements
Adrian Montgomery	3,999,500
Francesco Aquilini	4,001,000
John Veltheer	2,625,000
Alexander Helm	375,000
Roberto Aquilini	3,999,500

The J55 Shares held by Adrian Montgomery, Francesco Aquilini and Roberto Aquilini will be excluded from voting on the J55 QT Resolution pursuant to MI 61-101 and the TSXV Policy 2.4 requirement for Majority of the Minority Approval. The J55 Shares held by John Veltheer and Alexander Helm will be excluded from voting on the J55 QT Resolution pursuant to the TSXV Policy 2.4 requirement for Majority of the Minority Approval.

Approval of the Arrangement with Enthusiast Gaming and GameCo

At the J55 Meeting, J55 Shareholders will be asked to consider and, if deemed advisable, pass the J55 Arrangement Resolution, the complete text of which is set out below, authorizing the Arrangement

Agreement, the completion of the Arrangement and the completion of the transactions contemplated by the Arrangement Agreement. In order to become effective, the J55 Arrangement Resolution must be approved by more than 50% of all votes cast with respect to the J55 Arrangement Resolution by the J55 Shareholders present in person or represented by proxy at the J55 Meeting. If the J55 Arrangement Resolution is not approved at the J55 Meeting, the Arrangement may not proceed in its present form, or at all.

At the J55 Meeting, J55 Shareholders will be asked to approve the following the J55 Arrangement Resolution, which must be approved by at least a majority of the votes cast by J55 Shareholders present in person or represented by proxy at the J55 Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The execution and delivery by J55 of the arrangement agreement dated May 30, 2019 (the “**Arrangement Agreement**”) among J55, Aquilini GameCo Inc. (“**GameCo**”) and Enthusiast Gaming Holdings Inc. (“**Enthusiast Gaming**”), pursuant to which it is proposed that J55 acquire all of the issued and outstanding common shares of Enthusiast Gaming (each, an “**Enthusiast Share**”) and the other transactions contemplated therein, as more particularly described in the management information circular of J55 (the “**Circular**”) dated July 23, 2019 be and is hereby ratified, confirmed and approved;
2. Subject to the approval of the TSX Venture Exchange (the “**TSXV**”), the performance by J55 of its obligations under the Arrangement Agreement, including (i) each outstanding common share of Enthusiast Gaming being exchanged for 4.22 (post-First Consolidation (as defined in the Circular)) fully paid and non-assessable J55 Shares (as defined in the Circular); and (ii) each outstanding Enthusiast Option (as defined in the Circular) being replaced with one option to be issued by J55 to purchase the corresponding number of J55 Shares on the same terms as those contained in the Enthusiast Option immediately prior to the Arrangement (as defined in the Circular), be and is hereby authorized and approved;
3. Subject to the approval of the TSXV, the completion of the transactions contemplated by the Arrangement Agreement, on such terms and conditions as the J55 Board (as defined in the Circular) may determine, in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Arrangement Agreement, be and are hereby authorized and approved;
4. Notwithstanding the approval of this resolution by the J55 Shareholders (as defined in the Circular), or the approval of the Arrangement by the TSXV, the J55 Board is hereby authorized and empowered, without further notice to, or approval of, the J55 Shareholders to: (a) amend, modify or supplement the Arrangement Agreement in accordance with its terms, and (b) not proceed with the transactions contemplated by the Arrangement Agreement or any related transactions; and
5. Any one director or officer of J55 (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
 - (a) execute and deliver, for and on behalf of J55, under the seal of J55 or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and

- (b) do or cause to be done all such other acts or things for or on behalf of J55 as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of J55 in connection with any transaction or matter contemplated by these resolutions shall be binding on J55 and shall be conclusively presumed to be the act of J55."

J55 Arrangement Support Agreements

The J55 Shareholders listed below beneficially owning, or exercising control or direction over, directly or indirectly, J55 Shares representing approximately 79% of the issued and outstanding J55 Shares as of May 30, 2019 entered into the J55 Arrangement Support Agreements with Enthusiast Gaming pursuant to which, among other things, they agreed to be counted as present for purposes of establishing quorum at the J55 Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, for the J55 Arrangement Resolution, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted for the J55 Arrangement Resolution.

Beneficial J55 Security Holder	Number of pre-Consolidations J55 Securities Subject to J55 Arrangement Support Agreements
Adrian Montgomery	3,999,500 J55 Shares and 685,000 J55 Options
Francesco Aquilini	4,001,000 J55 Shares and 685,000 J55 Options
John Veltheer	2,625,000 J55 Shares and 300,000 J55 Options
Alexander Helmelt	375,000 J55 Shares and 40,000 J55 Options
Roberto Aquilini	3,999,500 J55 Shares

J55 Consolidations and Name Change

Subject to J55 Disinterested Shareholder approval of the J55 QT Resolution, immediately prior to the completion of the Amalgamation, J55 will consolidate the outstanding J55 Shares on the basis of one post-First Consolidation J55 Share for 1.25 pre-First Consolidation J55 Shares, and following the Arrangement Closing, will further consolidate the outstanding J55 Shares on the basis of one post-Second Consolidation J55 Share for each eight post-First Consolidation J55 Shares. Further, on the Arrangement Closing, J55 will change its name to "Enthusiast Gaming Holdings Inc." If the Amalgamation is completed but the Arrangement is not, on the Amalgamation Closing J55 will change its name to "Luminosity Gaming Inc." Pursuant to the articles of J55, the Consolidations and the Name Change can be completed, subject to the approval of the TSXV, by a resolution of the J55 Board.

The J55 Board believes that the Consolidations will enhance the marketability of the J55 Shares and facilitate future financings undertaken by the Resulting Issuer as well as the completion of the Transactions. If approved and implemented, the Consolidations will affect J55 Shareholders uniformly and will not affect any J55 Shareholder's percentage ownership interest in J55, except to the extent that the Consolidations would otherwise result in a J55 Shareholder owning a fractional J55 Share, as no fractional J55 Shares will be issued pursuant to the Consolidations and no cash will be paid in lieu of fractional J55 Shares. In the case where the J55 Consolidations result in a shareholder otherwise becoming

entitled to a fraction of a J55 Share, a downward adjustment shall be made to the nearest whole common share without consideration in respect thereof.

It is expected that the First Consolidation will be implemented immediately before the completion of the Amalgamation, such that GameCo Shareholders will receive post-First Consolidation J55 Shares in exchange for their GameCo Shares at the Amalgamation Closing and Enthusiast Shareholders will receive post-First Consolidation J55 Shares in exchange for their Enthusiast Shares at the Arrangement Closing. It is expected that the Second Consolidation will be implemented following the completion of the Transactions.

J55 currently has an unlimited number of J55 Shares available for issuance and the Consolidations will not have any effect on the number of J55 Shares that remain available for future issuance. The exercise price and the number of J55 Shares issuable on exercise of any J55 Convertible Securities that are outstanding at the time of the Consolidations will be proportionately adjusted upon the Consolidations becoming effective (i.e. the number of J55 Shares issuable will decrease while the exercise price will increase). The exercise price and the number of J55 Shares issuable on the exercise of any J55 Amalgamation Consideration Options, J55 Arrangement Consideration Options, J55 Amalgamation Consideration Warrants or J55 Amalgamation Consideration Debentures will be proportionately adjusted upon the Second Consolidation becoming effective.

As at the date hereof, the total number of issued and outstanding J55 Shares was 19,000,000. Accordingly, it is expected that there will be 15,200,000 Shares issued and outstanding after completion of the First Consolidation (but prior to the Amalgamation Closing), subject to adjustment for rounding.

For Canadian federal income tax purposes, a J55 Shareholder will generally not be considered to have disposed of J55 Shares as a result of the Consolidations, and will generally not recognize a capital gain or a capital loss as a result of the Consolidations. J55 Shareholders should consult their own tax advisors with respect to the specific tax consequences applicable to them, having regard to their own circumstances.

If the J55 Shareholders approve the J55 QT Resolution and the Arrangement Resolution, the J55 Board will have the authority, in its sole discretion, to determine whether or not to implement the Consolidations. If the J55 Board decides to implement the Consolidations, J55 will promptly make the required filings with the TSXV. The Consolidations will be effective on the date on which the J55 Board determines to carry out the First Consolidation and the Second Consolidation after receiving the acceptance of the TSXV. Following receipt of the TSXV's final acceptance of the Consolidations, J55 will cause letters of transmittal, as described below, to be mailed to the J55 Shareholders.

Effect on Beneficial Holders

Beneficial Holders holding their J55 Shares through an intermediary should note that such intermediary may have different procedures for processing the Consolidations than those that will be put in place by J55 for Registered Shareholders. If you hold your J55 Shares through an intermediary and you have questions in this regard, you are encouraged to contact your intermediary.

Exchange of Share Certificates

If the J55 QT Resolution and the Arrangement Resolution are approved by J55 Shareholders and the Consolidations are accepted by the TSXV and implemented by the J55 Board, J55 Shareholders will receive updated direct registration statements (each, a “**DRS**”) from the J55 Transfer Agent representing their respective Resulting Issuer Shares.

As all outstanding J55 Shares are held electronically, a letter of transmittal will not be sent to J55 Shareholders. Following a determination by the J55 Board to implement the Consolidations, it is expected that the J55 Transfer Agent will send updated DRSs to each J55 Shareholder as soon as practicable after the implementation of the Consolidations representing the number of post-Consolidations J55 Shares to which such J55 Shareholder is entitled. No fractional J55 Shares will be issued.

If the Amalgamation is completed, but the Arrangement and the Second Consolidation are not completed, the J55 Transfer Agent will send updated DRSs to each J55 Shareholder as soon as practicable after the implementation of the First Consolidation representing the number of post- First Consolidation J55 Shares to which such J55 Shareholder is entitled. No fractional J55 Shares will be issued.

Certain Risks Associated with the Consolidations

The effect of the Consolidations upon the market price of the J55 Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to J55 is varied. There can be no assurance that the total market capitalization of the J55 Shares immediately following the Consolidations will be equal to or greater than the total market capitalization immediately before the Consolidations. In addition, there can be no assurance that the per-share market price of the J55 Shares following the Consolidations will remain higher than the per-share market price immediately before the Consolidations or equal or exceed the direct arithmetical result of the Consolidations. In addition, a decline in the market price of the J55 Shares after the Consolidations may result in a greater percentage decline than would occur in the absence of the Consolidations. Furthermore, the Consolidations may lead to an increase in the number of J55 Shareholders who will hold “odd lots”; that is, a number of J55 Shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the J55 Shares). As a general rule, the cost to J55 Shareholders transferring an odd lot of J55 Shares is somewhat higher than the cost of transferring a “board lot”.

J55 Board Recommendation

The J55 Board has reviewed and considered all material facts relating to the J55 QT Resolution and the J55 Arrangement Resolution which it has considered to be relevant to J55 Shareholders. **It is the unanimous recommendation of the J55 Board that J55 Shareholders vote FOR the J55 QT Resolution** (with Francesco Aquilini, a director and significant shareholder of GameCo, and Adrian Montgomery, a director, officer and significant shareholder of GameCo, abstaining) **and to vote for the J55 Arrangement Resolution.** Unless a J55 Shareholder specified in the enclosed form of proxy that the J55 Shares represented by such proxy are to be voted against the J55 QT Resolution or the J55 Arrangement Resolution, as applicable, the Designated Persons will vote in favour of the J55 QT Resolution and the J55 Arrangement Resolution, as applicable.

Other Business

Management of J55 is not aware of any other matters to come before the J55 Meeting other than those set out in the J55 Notice of Meeting. If other matters come before the J55 Meeting, it is the intention of the Designated Persons named in the applicable form of proxy to vote the same in accordance with their best judgment.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE ENTHUSIAST MEETING

Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than as set forth below and elsewhere herein, Enthusiast Gaming is not aware of any material interests, other than as Enthusiast Shareholders, direct or indirect, by way of beneficial ownership of

securities or otherwise, of any director or executive officer of Enthusiast Gaming, or any Enthusiast Shareholder holding more than 10% of the voting rights attached to the Enthusiast Shares, or any Associate or Affiliate of any of the foregoing, in any transaction which has or will materially affect Enthusiast Gaming, or in any matters to be considered at the Enthusiast Meeting.

As at the date of this Circular, the directors and officers of Enthusiast Gaming, as a group, owned, directly or indirectly, 6,546,608 Enthusiast Shares (on a pre-Consolidations basis), or approximately 12.84% of the issued and outstanding Enthusiast Shares, on an undiluted basis.

Interest of Certain Persons or Companies in the Arrangement

Enthusiast Gaming has entered into the Arrangement Agreement with J55, which is a matter for approval before the Enthusiast Meeting. To the knowledge of Enthusiast Gaming the following directors, officers and other Insiders of Enthusiast Gaming, own, directly or indirectly, or exercise control of or direction over the following Enthusiast Shares and/or hold the following positions with Enthusiast:

Name	Position with Enthusiast Gaming	Proposed Position with the Resulting Issuer	Enthusiast Shares
Menashe Kestenbaum	CEO, Director	President, Director	2,748,827
Eric Bernofsky	COO and Senior Vice-President Finance	COO and Senior Vice-President Finance	591,953
Meir Bulua	Chief Information Officer, Director	Chief Information Officer	2,104,923
Alan Friedman	Chair, Director	Director	1,100,905
Corey Mandell	Consultant	President EGLive	1,659,146
Total:			8,205,754

Interest of Informed Persons in Material Transactions of Enthusiast

Other than as disclosed in this Circular and transactions carried out in the ordinary course of business of Enthusiast Gaming, none of the directors or executive officers of Enthusiast Gaming, any Enthusiast Shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding Enthusiast Shares, nor any Associate or Affiliate of any of the foregoing, has had, during the most recently completed financial year of Enthusiast Gaming, or during the current financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect Enthusiast Gaming, except with an interest arising from the ownership of Enthusiast Shares where such person will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of Enthusiast Shares. See “Appendix 2 – Information Concerning the Arrangement”.

Enthusiast Gaming Voting Shares and Principal Holders Thereof

Enthusiast Gaming is authorized to issue an unlimited number of Enthusiast Shares without par value. As at the record date, 50,811,110 Enthusiast Shares (on a pre-Consolidations basis) were issued and outstanding. Holders of record of Enthusiast Shares at the close of business on the record date are entitled to receive notice of and to vote at the Enthusiast Meeting. Holders of Enthusiast Shares are entitled to one (1) vote for each Enthusiast Share held.

To the knowledge of the directors and executive officers of Enthusiast Gaming, as at the record date, no Persons beneficially own, directly or indirectly, or control or direct, Enthusiast Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Enthusiast Shares.

Enthusiast Gaming Annual Business

Election of Enthusiast Gaming Directors

The Enthusiast Board presently consists of five directors, being Menashe Kestenbaum, Meir Bulua, Alan Friedman, Ben Colabrese and Chris Frostad. The Enthusiast Shareholders are required to elect the directors of Enthusiast Gaming to hold office until the next annual meeting of Enthusiast Shareholders or until the successors of such directors are elected or appointed.

The Enthusiast Board unanimously recommends that the Enthusiast Shareholders vote FOR each of the following resolutions.

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the setting of the number of directors of Enthusiast Gaming at five be and is hereby authorized and approved; and
2. the election of Menashe Kestenbaum, Meir Bulua, Alan Friedman, Ben Colabrese and Chris Frostad as directors of Enthusiast Gaming to hold office until the next annual meeting of the Enthusiast Shareholders, or until their successors are elected or appointed, be and is hereby authorized and approved.”

Unless authority to do so is withheld, the Designated Persons named in the form of proxy intend to vote in favour of the election of the directors whose names are set forth in the resolution above.

The following are the names and provinces or states of residence of the directors and officers of Enthusiast Gaming as of March 31, 2019, the positions and offices held with Enthusiast Gaming and each of their respective principal occupations within the five preceding years. Each director will hold office until the next annual meeting of Enthusiast Gaming unless his office is earlier vacated in accordance with the OBCA.

Name and city of residence of each Proposed Director and Officer⁽¹⁾	Position Held with Enthusiast Gaming	Director of Enthusiast Gaming Since	Expiry of Term	Number of Enthusiast Shares Beneficially Owned, Controlled or Directed
Menashe Kestenbaum <i>Ontario, Canada</i>	Chief Executive Officer, Director	August 27, 2018	At the next Annual Meeting	2,748,827
Meir Bulua <i>Michigan, United States</i>	Chief Information Officer, Director	August 27, 2018	At the next Annual Meeting	2,104,923
Alan Friedman ^{(1) (2)} <i>Ontario, Canada</i>	Independent Director	August 27, 2018	At the next Annual Meeting	1,100,905
Ben Colabrese ⁽¹⁾⁽²⁾⁽⁴⁾ <i>Ontario, Canada</i>	Independent Director	August 27, 2018	At the next Annual Meeting	Nil

Name and city of residence of each Proposed Director and Officer ⁽¹⁾	Position Held with Enthusiast Gaming	Director of Enthusiast Gaming Since	Expiry of Term	Number of Enthusiast Shares Beneficially Owned, Controlled or Directed
Chris Frostad ⁽¹⁾⁽²⁾⁽³⁾ <i>Ontario, Canada</i>	Independent Director	August 27, 2018	At the next Annual Meeting	Nil

Notes:

- (1) Member of Audit Committee.
- (2) Member of Executive Compensation Committee.
- (3) Chair of Audit Committee.
- (4) Chair of Executive Compensation Committee.

Further details regarding the principal occupations, businesses or employment of each of the proposed directors during the past five years and additional information concerning each of the proposed directors are disclosed in their biographies set forth in “Appendix 5 – *Information Concerning Enthusiast Gaming Holdings Inc. – Directors, Officers and Promoters*”.

To the knowledge of Enthusiast Gaming, none of the nominees for election as director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of the Circular, a director, CEO or CFO of any company (including Enthusiast Gaming) that,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while the proposed director was acting in the capacity as director, CEO or CFO of such company, or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company;
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including Enthusiast Gaming) that, while that proposed director was acting in that capacity, or within a year of that proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to Securities Legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditor

At the Enthusiast Meeting, Enthusiast Shareholders will be asked to vote in favour of the re-appointment of MNP LLP as the auditor of Enthusiast Gaming at remuneration to be determined by the Enthusiast Board. If elected, MNP LLP will hold office as the auditor of Enthusiast Gaming until the next annual meeting of Enthusiast Shareholders or until their successor is duly elected or appointed pursuant to the articles of Enthusiast Gaming, unless their position is earlier vacated in accordance with the provisions of the OBCA or Enthusiast Gaming's bylaws.

The proposed resolution will be substantially in the form set forth below:

“RESOLVED AS AN ORDINARY RESOLUTION THAT the appointment of MNP LLP as the auditors of Enthusiast Gaming, to hold office until the next annual meeting of Enthusiast Shareholders or until their successor is duly elected or appointed pursuant to the constating documents of Enthusiast Gaming and applicable securities laws, at remuneration to be fixed by the board of directors of Enthusiast Gaming, be and is hereby authorized and approved.”

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the Enthusiast Meeting but which do not materially affect the substance of the proposed resolution. The resolution must be approved by more than 50% of the votes cast by Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting.

The Enthusiast Board unanimously recommends that the Enthusiast Shareholders vote FOR the reappointment of MNP LLP as auditor for Enthusiast Gaming at a remuneration to be fixed by the Enthusiast Board. The Designated Persons intend to vote the Enthusiast Shares represented by a form of proxy in favour of the resolution set forth above, unless directed by an Enthusiast Shareholder that such holder's Enthusiast Shares are to be withheld from voting on such resolution.

Approval of Enthusiast Option Plan

At the Enthusiast Meeting, Enthusiast Shareholders will be asked to approve the Enthusiast Option Plan, which was adopted by the Enthusiast Board on June 30, 2017. The Enthusiast Option Plan provides detailed information about the requirements with respect to stock option grants as mandated by the TSXV. The full text of the Enthusiast Option Plan is set out at Appendix 25.

The purpose of the Enthusiast Option Plan is to advance the interests of Enthusiast Gaming by encouraging the directors, officers, employees and consultants of Enthusiast Gaming and of its subsidiaries and affiliates, if any, to acquire Enthusiast Shares thereby increasing their proprietary interest in Enthusiast Gaming, encouraging them to remain associated with Enthusiast Gaming and furnishing them with additional incentives in their efforts on behalf of Enthusiast Gaming in the conduct of its affairs. The policies of the TSXV require that stock option plans which reserve for issuance up to 10% of a listed corporation's shares be re-approved annually by the shareholders of the listed corporation.

Under the Enthusiast Option Plan, the Enthusiast Board may, from time to time, grant options to purchase Enthusiast Shares to certain directors, officers, employees and consultants of Enthusiast Gaming and of its subsidiaries and affiliates. The maximum number of Enthusiast Shares issuable under the Enthusiast Option Plan and all other security based compensation arrangements of Enthusiast Gaming is

10% of the Enthusiast Shares outstanding from time to time, subject to certain limitations, including the following:

1. The aggregate number of Enthusiast Shares reserved for issuance to any one person under the Plan, together with all other security based compensation arrangements of Enthusiast Gaming, must not exceed five (5%) percent of the then outstanding Enthusiast Shares (on a non-diluted basis).
2. In the aggregate, no more than 10% of the issued and outstanding Enthusiast Shares (on a non-diluted basis) may be reserved at any time for insiders under the Enthusiast Option Plan, together with all other security based compensation arrangements of Enthusiast Gaming.
3. The number of securities of Enthusiast Gaming issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Enthusiast Shares.
4. Enthusiast Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Enthusiast Shares of Enthusiast Gaming in any 12 month period to any one (1) consultant of Enthusiast Gaming (or any of its subsidiaries).
5. Enthusiast Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Enthusiast Shares of Enthusiast Gaming in any 12 month period to persons employed to provide investor relations activities. Enthusiast Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than one-quarter ($\frac{1}{4}$) of the options vesting in any three (3) month period.

Based on the policies of the TSXV, the Enthusiast Option Plan specifies the types of amendments to the Enthusiast Option Plan and the options granted thereunder that can be made by the Enthusiast Board without the approval of the Enthusiast Shareholders. The Enthusiast Option Plan allows the Enthusiast Board to terminate or discontinue the Enthusiast Option Plan at any time without the consent of the option holders provided that such termination or discontinuance shall not alter or impair any option previously granted under the Enthusiast Option Plan. The only amendments to the Enthusiast Option Plan that would be subject to Enthusiast Shareholder approval are amendments that would:

- (a) reduce the exercise price of an option held by an insider of Enthusiast Gaming;
- (b) extend the expiry date of an option held by an insider of Enthusiast Gaming (subject to such date being extended by virtue of the black out provision noted above);
- (c) amend the limitations on the maximum number of Enthusiast Shares reserved or issued to insiders;
- (d) increase the maximum number of Enthusiast Shares issuable pursuant to the Enthusiast Option Plan; or
- (e) amend the amendment provisions of the Enthusiast Option Plan.

At the Enthusiast Meeting, Enthusiast Shareholders will be asked to approve the following ordinary resolution (the “**Enthusiast Option Plan Resolution**”), which must be approved by at least a majority of the votes cast by Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The 2018 stock option plan (the “**Plan**”), as described in Enthusiast Gaming’s management information circular dated July 23, 2019, be and is hereby ratified, confirmed and approved; and
2. Any director or officer of Enthusiast Gaming be and is hereby authorized and directed to execute or cause to be executed, under corporate seal of Enthusiast Gaming or otherwise, and to deliver or cause to be delivered, all such documents, and do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the Enthusiast Meeting but which do not materially affect the substance of the proposed resolution.

The Enthusiast Board unanimously recommends that the Enthusiast Shareholders vote FOR the Enthusiast Option Plan Resolution. It is the intention of the Designated Persons, if not expressly directed otherwise in an Enthusiast Shareholder’s form of proxy, to vote such proxy in favour of the Enthusiast Option Plan Resolution.

Enthusiast Special Business

Approval of the Arrangement with J55 and GameCo

At the Enthusiast Meeting, Enthusiast Shareholders will be asked to consider and, if deemed advisable, pass the Enthusiast Arrangement Resolution, the complete text of which is set out below, authorizing the Arrangement Agreement, the completion of the Arrangement and the completion of the transactions contemplated by the Arrangement Agreement. In order to become effective, the Enthusiast Arrangement Resolution must be approved by not less than two thirds of all votes cast with respect to the Enthusiast Arrangement Resolution by the Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting. If the Enthusiast Arrangement Resolution is not approved at the Enthusiast Meeting, the Arrangement may not proceed in its present form, or at all.

At the Enthusiast Meeting, Enthusiast Shareholders will be asked to approve the following special resolution, the Enthusiast Arrangement Resolution, which must be approved by not less than two thirds of the votes cast by Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting:

“RESOLVED AS AN SPECIAL RESOLUTION THAT:

1. The execution and delivery by Enthusiast Gaming of the arrangement agreement dated May 30, 2019 (the “**Arrangement Agreement**”), as amended, among J55, GameCo and Enthusiast Gaming, pursuant to which it is proposed that J55 acquire all of the issued and outstanding Enthusiast Shares and the other transactions contemplated therein, as more particularly described in the management information circular of Enthusiast Gaming dated July 23, 2019 be and is hereby ratified, confirmed and approved;
2. Subject to the approval of the TSX Venture Exchange (the “**TSXV**”), the performance by Enthusiast Gaming of its obligations under the Arrangement Agreement, including (i) each outstanding common share of Enthusiast Gaming being exchanged for 4.22 (post-

First Consolidation) fully paid and non-assessable J55 Shares; and (ii) subject to receipt of all regulatory approvals, each outstanding Enthusiast Option being replaced with one (1) option to be issued by J55 to purchase the corresponding number of J55 Shares on the same terms as those contained in the Enthusiast Option immediately prior to the Arrangement, be and is hereby authorized and approved;

3. Subject to the approval of the TSXV, the completion of the transactions contemplated by the Arrangement Agreement, on such terms and conditions as the Enthusiast Board may determine, in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Arrangement Agreement, be and are hereby authorized and approved;
4. Notwithstanding the approval of this resolution by the Enthusiast Shareholders, or the approval of the Arrangement by the TSXV, the Enthusiast Board is hereby authorized and empowered, without further notice to, or approval of, the Enthusiast Shareholders to: (a) amend, modify or supplement the Arrangement Agreement in accordance with its terms, and (b) not proceed with the transactions contemplated by the Arrangement Agreement or any related transactions; and
5. Any one director or officer of Enthusiast Gaming (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
 - (a) execute and deliver, for and on behalf of Enthusiast Gaming, under the seal of Enthusiast Gaming or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and
 - (b) do or cause to be done all such other acts or things for or on behalf of Enthusiast Gaming as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of Enthusiast Gaming in connection with any transaction or matter contemplated by these resolutions shall be binding on Enthusiast Gaming and shall be conclusively presumed to be the act of Enthusiast Gaming.”

Enthusiast Shareholder Approval of the Arrangement

In accordance with the terms of the Arrangement Agreement, in order for the Arrangement to be effected, among other things, the Arrangement Resolution must be approved by the Enthusiast Shareholders by special resolution at the Enthusiast Meeting.

The Enthusiast Shareholders listed below beneficially owning, or exercising control or direction over, directly or indirectly, Enthusiast Shares representing approximately 13% of the issued and outstanding Enthusiast Shares as of May 30, 2019 entered into the Enthusiast Support Agreements with J55 pursuant to which, among other things, they agreed to be counted as present for purposes of establishing quorum at the Enthusiast Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, for the Enthusiast

Arrangement Resolution, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted for the Enthusiast Arrangement Resolution.

Beneficial Enthusiast Security Holder	Number of Enthusiast Securities Subject to Enthusiast Support Agreements ⁽¹⁾
Menashe Kestenbaum	2,748,827 Enthusiast Shares, 614,447 Enthusiast Options, and 1,580,007 Enthusiast Warrants
Meir Bulua	2,104,923 Enthusiast Shares, 404,802 Enthusiast Options
Eric Bernofsky	591,953 Enthusiast Shares, 1,184,232 Enthusiast Options, and 15,957 Enthusiast Warrants
Alan Friedman	1,100,905 Enthusiast Shares and 1,056,666 Enthusiast Options
Ben Colabrese	75,000 Enthusiast Options
Chris Frostad	75,000 Enthusiast Options
Gadi Levin	50,000 Enthusiast Options

Note:

- ⁽¹⁾ The information as to the number and percentage of Enthusiast securities beneficially owned, controlled or directed, not being within the knowledge of Enthusiast Gaming, has been obtained from the applicable holder directly.

After careful consideration of, among other things, the recommendations and reasons of the Enthusiast Fairness Opinion, advice of legal and financial advisors and such other matters as it considered relevant, the Enthusiast Board determined that the execution, delivery and performance of the Arrangement Agreement is in the best interests of Enthusiast Gaming and the Arrangement is fair to the Enthusiast Shareholders. **Accordingly, the Enthusiast Board unanimously recommends that the Enthusiast Shareholders vote in favour of the Enthusiast Arrangement Resolution.** The management representatives named in the attached form of proxy intend to vote in favour of the Enthusiast Arrangement Resolution, unless a shareholder specifies in the proxy that his or her Enthusiast Shares are to be voted against such matters.

Procedure for Exchange of Enthusiast Shares

Before the Arrangement Effective Time, J55 will deposit or cause to be deposited to the Depositary the aggregate number of J55 Shares required to be issued to the Enthusiast Shareholders in accordance with the Plan of Arrangement, which J55 Shares will be held by the Depositary for the benefit of and to be held on behalf of such former Enthusiast Shareholders for distribution to such former Enthusiast Shareholders in accordance with the provisions of the Plan of Arrangement.

Upon surrender to the Depositary for cancellation of a certificate(s) or DRSs which immediately prior to the Arrangement Effective Time represented one or more Enthusiast Shares, together with the Letter of Transmittal and such additional documents and instruments duly executed and completed as the Depositary may reasonably require, the Enthusiast Shareholder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Enthusiast Shareholder as soon as practicable after the Arrangement Effective Time, certificate(s) or DRSs representing the J55 Shares which such Enthusiast Shareholder is entitled to receive in accordance with the Plan of Arrangement (the "Consideration"), less any amounts withheld pursuant to the Plan of Arrangement, and the certificate(s) or DRS representing the Enthusiast Shares so surrendered shall forthwith be cancelled. Until surrendered, each certificate or DRSs which immediately prior to the Arrangement Effective Time represented an Enthusiast Share shall be deemed after the Arrangement Effective Time to represent only the right to receive upon the surrender of such certificate or DRS the applicable

Consideration in lieu of such certificate or DRS representing one or more Enthusiast Shares, less any amounts withheld pursuant to the Plan of Arrangement.

Unless otherwise directed in the Letter of Transmittal, a certificate(s) or DRSs representing the J55 Shares will be issued in the name of the registered holder of Enthusiast Shares so deposited. Unless the person who deposits Enthusiast Shares instructs the Depositary to hold a certificate or DRS representing the J55 Shares for pick-up by filling out the appropriate box in the Letter of Transmittal, such certificate or DRS will be forwarded by mail to the address provided in the Letter of Transmittal. If no address is provided, such certificate will be forwarded to the address of the person as shown on the applicable register of Enthusiast Gaming.

Notwithstanding the provisions of the Arrangement and the Letter of Transmittal, certificates or DRSs representing the J55 Shares will not be mailed if J55 determines that delivery thereof by mail may be delayed. Persons entitled to certificates or DRSs and other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificates or DRSs representing Enthusiast Shares in respect of which certificates or DRSs representing the J55 Shares are being issued were originally deposited upon application to the Depositary, until such time as J55 has determined that delivery by mail will no longer be delayed. Certificates or DRSs and other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Enthusiast Shares were deposited and payment for those Enthusiast Shares shall be deemed to have been immediately made upon such deposit.

Registered Shareholders who do not deliver certificates or DRSs representing their Enthusiast Shares and all other required documents to the Depositary on or before the sixth anniversary of the Effective Date will lose their right to receive any Consideration for their Enthusiast Shares and any claim or interest of any kind or nature against J55 or Enthusiast Gaming.

J55, Enthusiast Gaming and the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to an Enthusiast Shareholder, such amounts as J55, Enthusiast Gaming or the Depositary is required to deduct and withhold with respect to such payment under any provision of applicable laws.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out of pocket expenses and will be indemnified by Enthusiast Gaming and J55 against certain liabilities under Applicable Securities Laws and expenses in connection therewith.

Procedures for the Surrender of Enthusiast Share Certificates

Registered Shareholders should have received with this Circular a form of proxy and a Letter of Transmittal. If the Enthusiast Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the Consideration, Registered Shareholders must complete and sign the Letter of Transmittal enclosed with this Circular and deliver it (or an originally signed facsimile thereof), together with the certificate(s) or DRSs representing their Enthusiast Shares and the other relevant documents required by the instructions set out therein, to the Depositary in accordance with the instructions contained in the Letter of Transmittal. You can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available under SEDAR at www.sedar.com under Enthusiast Gaming's profile.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Enthusiast Shares pursuant to the procedures in the Letter of

Transmittal will constitute a binding agreement between the depositing Registered Shareholder and J55 upon the terms and subject to the conditions of the Arrangement.

In all cases, delivery of the Consideration for Enthusiast Shares deposited will be made only after timely receipt by the Depositary of certificates or DRSs representing such Enthusiast Shares, together with a properly completed and duly executed Letter of Transmittal in the form accompanying this Circular relating to such Enthusiast Shares, with signatures guaranteed if so required in accordance with the instructions in the Letter of Transmittal, and any other required documents.

Where a certificate for Enthusiast Shares has been destroyed, lost or stolen, the Registered Shareholder of that certificate should complete the Letter of Transmittal as fully as possible and forward it, together with a letter describing the loss, to the Depositary at its office specified in the Letter of Transmittal. The Depositary and/or the registrar and transfer agent for the Enthusiast Shares will respond with replacement requirements (which will include a bonding or indemnity requirement) that must be satisfied in order for the undersigned to receive the Consideration in accordance with the Arrangement. If a DRS representing Enthusiast Shares has been lost, stolen or destroyed, the holder can request a copy of the DRS by contacting TSX Trust Company at (416)-342-1091 or toll-free at 1 (866) 600-5869

If a Letter of Transmittal is executed by a person other than the Registered Shareholder of the certificate(s) or DRSs deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney properly completed by the Registered Shareholder, and the signature on such endorsement or share transfer power of attorney must correspond exactly to the name of the Registered Shareholder as registered or as appearing on the certificates(s) and must be guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Enthusiast Shares deposited pursuant to the Arrangement will be determined by Enthusiast Gaming and its counsel. Depositing Registered Shareholders agree that such determination shall be final and binding. Enthusiast reserves the right if they so elect in their absolute discretion to instruct the Depositary to waive any defect or irregularity contained in any Letter of Transmittal and/or accompanying documents received by it.

The method of delivery of certificates representing Enthusiast Shares and all other required documents is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary. Enthusiast Gaming recommends that such documents be delivered by hand to the Depositary and a receipt obtained. However, if documents are mailed, Enthusiast Gaming recommends that registered mail be used and that appropriate insurance be obtained.

If you are not a Registered Shareholder, you should carefully follow the instructions from the Intermediary that holds Enthusiast Shares on your behalf in order to receive the Consideration for your Enthusiast Shares.

Fractional Shares

No fractional shares will be issued to Enthusiast Shareholders otherwise entitled to them. Instead, the number of J55 Shares to be issued to an Enthusiast Shareholder will be rounded down, without additional compensation to the nearest whole J55 Share.

The foregoing information is a summary only. For further details of procedures, see the Arrangement Agreement attached as Appendix 17 to this Circular.

Enthusiast Board Recommendation

The Enthusiast Board, having undertaken a thorough review of, and having carefully considered the terms of the Arrangement Agreement, in consultation with management, Enthusiast Gaming's legal advisors and the Financial Advisor, and having taken into account the Enthusiast Fairness Opinion and such other matters as it considered relevant, unanimously determined to resolve: (i) that the execution, delivery and performance of the Arrangement Agreement is in the best interests of Enthusiast Gaming and the Arrangement is fair to the Enthusiast Shareholders; (ii) to approve Enthusiast Gaming entering into the Arrangement Agreement; and (iii) to recommend that the Enthusiast Shareholders vote in favour of the Arrangement Resolution.

Other Business

Management of Enthusiast Gaming is not aware of any other matters to come before the Enthusiast Meeting other than those set out in the Notice of Meeting. If other matters come before the Enthusiast Meeting, it is the intention of the Designated Persons named in the applicable form of proxy to vote the same in accordance with their best judgment.

RISK FACTORS

The securities of J55 (and correspondingly those of the QT Resulting Issuer and the Resulting Issuer) should be considered highly speculative due to the nature of QT Resulting Issuer and the Resulting Issuer's proposed businesses and the current stage of GameCo and Enthusiast Gaming's respective development.

The risks presented below may not be all of the risks that the QT Resulting Issuer and the Resulting Issuer may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this Circular include additional factors that could have an effect on the business and financial performance of the QT Resulting Issuer's and the Resulting Issuer's business following the completion of the Transactions. The market in which GameCo, Luminosity and Enthusiast Gaming currently compete, and the QT Resulting Issuer and the Resulting Issuer will compete, is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

In evaluating J55, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer and their prospective businesses, investors should carefully consider the following risks, in addition to the other information and risk factors contained in this Circular, including in "*Appendix 6 – Information Concerning the Resulting Issuer*".

Risk Factors Relating to the Amalgamation

There can be no assurance that all conditions precedent to the Amalgamation will be satisfied.

The completion of the Amalgamation is subject to a number of conditions precedent, certain of which are outside the control of J55, including obtaining the requisite J55 Shareholder, GameCo Shareholder and TSXV approvals, including, but not limited to, approval of the Amalgamation Resolution by the J55 Shareholders and approval of the GameCo Resolution by the GameCo Shareholders. There is no certainty, nor can J55 provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and

affairs of J55 or the trading price of the J55 Shares. If for any reason the Amalgamation is not completed, the market price of the J55 Shares may be adversely affected. Moreover, if the Amalgamation Agreement is terminated, there is no assurance that the J55 Board will be able to find another transaction to pursue.

The Amalgamation Agreement may be terminated in certain circumstances.

Each of J55 and GameCo has the right to terminate the Amalgamation Agreement in certain circumstances including that certain conditions to the obligations of J55 or GameCo have not been completed or waived in accordance with the terms of the Amalgamation Agreement, or the Amalgamation has not been completed by the completion date set out in the Amalgamation Agreement. Accordingly, there is no certainty, nor can J55 provide any assurance, that the Amalgamation Agreement will not be terminated by either J55 or GameCo before the completion of the Amalgamation.

J55 and GameCo expect to incur significant costs in connection with the Amalgamation.

J55 and GameCo will collectively incur significant direct transaction costs in connection with the Amalgamation. Actual direct transaction costs incurred in connection with the Amalgamation may be higher than expected. Moreover, certain of J55's and GameCo's costs related to the Amalgamation, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the Amalgamation is not completed. There are also opportunity costs associated with the diversion of management attention away from the conduct of their respective businesses in the ordinary course.

J55 has not verified the reliability of the information regarding GameCo included in, or which may have been omitted from, this Circular.

All historical information regarding GameCo contained in this Circular, including all GameCo financial information, Luminosity financial information and all *pro forma* financial information reflecting the *pro forma* effects of the Amalgamation, has been provided by GameCo. Although J55 has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to GameCo contained in this Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of the Resulting Issuer and its results of operations and financial condition.

Certain Risks Associated with the First Consolidation

The effect of the First Consolidation upon the market price of the J55 Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to J55 is varied. There can be no assurance that the total market capitalization of the J55 Shares immediately following the First Consolidation will be equal to or greater than the total market capitalization immediately before the First Consolidation. In addition, there can be no assurance that the per-share market price of the J55 Shares following the First Consolidation will remain higher than the per-share market price immediately before the First Consolidation or equal or exceed the direct arithmetical result of the First Consolidation. In addition, a decline in the market price of the J55 Shares after the First Consolidation may result in a greater percentage decline than would occur in the absence of the First Consolidation. Furthermore, the First Consolidation may lead to an increase in the number of J55 Shareholders who will hold "odd lots"; that is, a number of J55 Shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the J55 Shares). As a general rule, the cost to J55 Shareholders transferring an odd lot of J55 Shares is somewhat higher than the cost of transferring a "board lot".

J55 will incur substantial transaction-related costs in connection with the Amalgamation

J55 expects to incur a number of non-recurring transaction-related costs associated with completing the Amalgamation which will be incurred whether or not the Amalgamation is completed.

The pending Amalgamation may divert the attention of J55's management

The pending Amalgamation could cause the attention of J55's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Amalgamation and could have an adverse effect on the business, operating results or prospects of J55, regardless of whether the Amalgamation is ultimately completed.

Trading in J55 Shares may remain halted until completion of the Amalgamation.

Upon public announcement of the proposed Amalgamation, trading in J55 Shares on the TSXV was halted for an indefinite period of time pending completion of review of the Amalgamation by the TSXV. Reinstatement of trading prior to completion of the Amalgamation, to the extent it occurs, provides no assurance with respect to the merits of the Amalgamation or the likelihood of J55 completing the Amalgamation.

Risks Factors Relating to the Arrangement

J55 and Enthusiast Gaming could fail to complete the Arrangement or the Arrangement may be completed on different terms

There can be no assurance that the Arrangement will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the Arrangement Agreement. The completion of the Arrangement is subject to the satisfaction of a number of conditions which include, among others, (i) obtaining necessary approvals and (ii) performance by Enthusiast Gaming, GameCo and J55 of their respective obligations and covenants in the Arrangement Agreement. If these conditions are not met or the Arrangement is not completed for any other reason, Enthusiast Shareholders will not receive the J55 Shares.

In addition, if the Arrangement is not completed the ongoing business of Enthusiast Gaming may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Arrangement, and Enthusiast Gaming could experience negative reactions from the financial markets, which could cause a decrease in the market price of Enthusiast Gaming's securities, particularly if the market price reflects market assumptions that the Arrangement will be completed or completed on certain terms. Enthusiast Gaming may also experience negative reactions from its customers and employees and there could be negative impact on Enthusiast Gaming's ability to attract future acquisition opportunities. Failure to complete the Arrangement or a change in the terms of the Arrangement could each have a material adverse effect on Enthusiast Gaming's business, financial condition and results of operations.

Risks Associated with a Fixed Exchange Ratio

Enthusiast Shareholders will receive a fixed number of J55 Shares under the Arrangement, rather than J55 Shares with a fixed market value. Since the number of J55 Shares to be received in respect of each Enthusiast Share under the Arrangement will not be adjusted to reflect any change in the market value of the J55 Shares or Enthusiast Shares, the market value of J55 Shares received under the Arrangement may vary significantly from the market value at the date of announcement of the Arrangement Agreement. If the market price of the J55 Shares or Enthusiast Shares increases or decreases, the value of the

consideration that Enthusiast Shareholders receive pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the J55 Shares or Enthusiast Shares at the closing of the Arrangement will not be lower than the market price of such shares on the date of announcement of the Arrangement Agreement.

In addition, the number of J55 Shares being issued in connection with the Arrangement will not change as a result of decreases or increases in the market price of Enthusiast Shares. If the market price of the Enthusiast Shares increases or decreases, the relative value of the consideration that Enthusiast Shareholders receive pursuant to the Arrangement will correspondingly decrease or increase. Many of the factors that affect the market price of J55 Shares and Enthusiast Shares are beyond the control of J55 and Enthusiast Gaming, respectively. These factors include changes in market perceptions of the gaming and esports industry, changes in the regulatory environment, political developments and prevailing conditions in the capital markets.

Certain Risks Associated with the Consolidations

The effect of the Consolidations upon the market price of the J55 Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to J55 is varied. There can be no assurance that the total market capitalization of the J55 Shares immediately following the Consolidations will be equal to or greater than the total market capitalization immediately before the Consolidations. In addition, there can be no assurance that the per-share market price of the J55 Shares following the Consolidations will remain higher than the per-share market price immediately before the Consolidations or equal or exceed the direct arithmetical result of the Consolidations. In addition, a decline in the market price of the J55 Shares after the Consolidations may result in a greater percentage decline than would occur in the absence of the Consolidations. Furthermore, the Consolidations may lead to an increase in the number of J55 Shareholders who will hold “odd lots”; that is, a number of J55 Shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the J55 Shares). As a general rule, the cost to J55 Shareholders transferring an odd lot of J55 Shares is somewhat higher than the cost of transferring a “board lot”.

The Termination Fee, if triggered, may discourage other parties from attempting to acquire Enthusiast Gaming

Under the Arrangement Agreement, Enthusiast Gaming is required to pay a termination fee of \$4.5 million to J55 if the Arrangement Agreement is terminated pursuant to specified circumstances. The Termination Fee may discourage other parties from attempting to acquire the Enthusiast Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement.

J55 and Enthusiast Gaming will incur substantial transaction-related costs in connection with the Arrangement

J55 and Enthusiast Gaming each expect to incur a number of non-recurring transaction-related costs associated with completing the Arrangement which will be incurred whether or not the Arrangement is completed. Such costs may offset any expected cost savings and other synergies from the Arrangement.

While the Arrangement is pending, Enthusiast Gaming is restricted from taking certain actions

The Arrangement Agreement restricts Enthusiast Gaming from taking specified actions, until the Arrangement is completed, without the consent of J55 which may adversely affect the ability of Enthusiast Gaming to execute certain business strategies. These restrictions may prevent Enthusiast Gaming from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement.

The pending Arrangement may divert the attention of J55 and Enthusiast Gaming's respective management

The pending Arrangement could cause the attention of J55 and Enthusiast Gaming's respective management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of J55 or Enthusiast Gaming, regardless of whether the Arrangement is ultimately completed.

Directors and senior officers of Enthusiast Gaming may have interests in the Arrangement that are different from those of the Enthusiast Shareholders

In considering the recommendation of the Enthusiast Board to vote for the Enthusiast Arrangement Resolution, Enthusiast Shareholders should be aware that certain directors and certain senior officers of Enthusiast Gaming have interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement. See "Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Management Contracts".

Risk Factors Relating to the QT Resulting Issuer and the Resulting Issuer's Proposed Business

The QT Resulting Issuer's and the Resulting Issuer's esports business will face intense and wide-ranging competition

The success of an esports business, like GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's, is dependent upon the performance and/or popularity of their franchises and esports representatives. Further, GameCo, Enthusiast Gaming and the Resulting Issuer will be in competition with other sporting and entertainment events, both live and delivered over television networks, radio, the Internet and online services, mobile applications and other alternative sources.

As a result of the large number of options available and global nature of the online gaming industry, GameCo and Enthusiast Gaming face, and the QT Resulting Issuer and the Resulting Issuer will face, strong competition for esports fans. GameCo and Enthusiast Gaming must compete, and the QT Resulting Issuer and the Resulting Issuer will compete, with other esports organizations, in varying respects and degrees. Given the nature of esports, there can be no assurance that GameCo and Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer will be able to compete effectively, including with companies that may have greater resources than GameCo and Enthusiast Gaming have, and the QT Resulting Issuer and the Resulting Issuer will have, and as a consequence, GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations may be materially negatively affected.

GameCo's and Enthusiast Gaming's esports businesses are, and the QT Resulting Issuer's and the Resulting Issuer's business will be, substantially dependent on the continuing popularity of the esports industry as a whole

The esports industry is in the early stages of its respective development. Although the esports industry has experienced rapid growth, consumer preferences may shift and there is no assurance this growth will continue in the future. GameCo and Enthusiast Gaming have taken steps to diversify their businesses and mitigate these risks to an extent and each continues to seek out new opportunities in the esports industry. However, due to the rapidly evolving nature of technology and online gaming, the esports industry may experience volatile and declining popularity as new options for online gaming and esports become available, or consumer preferences shift to other forms of entertainment, and as a consequence,

GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations may be materially negatively affected.

GameCo's and Enthusiast Gaming's businesses are, the QT Resulting Issuer's and the Resulting Issuer's business will be, substantially dependent on the developing and continuing popularity and/or competitive success of their representatives

GameCo's and Enthusiast Gaming's financial results depend, the QT Resulting Issuer's and the Resulting Issuer's financial results are expected to depend, in large part on becoming and remaining popular with their respective fan bases. In addition, the popularity of GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's representatives can impact online viewership and television ratings, which could affect the long-term value of the media rights and sponsorship opportunities. There can be no assurance that GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's or the Resulting Issuer's representatives will develop or maintain continued popularity.

GameCo's and Enthusiast Gaming's esports decisions may have a material negative effect on GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations

Creating and maintaining popularity of GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's representatives is key to the success of GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's esports businesses. Accordingly, efforts to improve revenues and earnings from operations from period to period may be secondary to actions that management believes will generate long-term value. Any of these actions could increase expenses for a particular period. There can be no assurance that any actions taken by management to increase GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's long-term value will be successful.

A significant factor in GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's ability to attract and retain talented representatives is compensation. It is expected that representatives' salaries may increase as the popularity of the esports industry increases, and GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's expenses may increase as it offers larger salaries to representatives. GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer may pay their representatives different aggregate salaries and a different proportion of its revenues than other esports franchises.

Injuries or illnesses to GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's or the Resulting Issuer's esports representatives could hinder their success

To the degree that GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's financial results are dependent on their esports representatives' popularity, the likelihood of achieving such popularity may be substantially impacted by untimely injuries or illnesses to key persons. Representative salaries represent significant financial commitments for our business. In the absence of disability insurance, GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer may be obligated to pay all of an injured representative's salary.

Defection of GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's esports representatives to other teams or managers could hinder their success

GameCo and Enthusiast Gaming compete, and the QT Resulting Issuer and the Resulting Issuer will compete, with other esports athlete management businesses to sign and retain world class esports representatives, some of which have greater resources or brand recognition and popularity than their

own. GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's representatives under contract may choose to defect to other esports organizations for various reasons, including that they have been made a superior offer or they have chosen to pursue new or other opportunities. The loss or defection of any of our esports representatives could have negative consequences on GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations. While GameCo and Enthusiast Gaming take, and the QT Resulting Issuer and the Resulting Issuer intend to take, all appropriate steps to retain their representatives and protect their interests in management contracts, there can be no assurances that representatives will not defect to other esports organizations.

Competition and changes in technology

The industry in which GameCo and Enthusiast Gaming operate, and in which the QT Resulting Issuer and the Resulting Issuer will operate, is very competitive. Numerous factors could affect GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's competitive position. Other companies may decide to enter the space and could have substantially greater financial, marketing and other resources. Several of these companies may have greater name recognition and well-established relationships with some of GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer are able to offer. GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's and the Resulting Issuer's products and services.

As a result of the early stage of the industry in which GameCo and Enthusiast Gaming operate, the QT Resulting Issuer and the Resulting Issuer expect to face additional competition from new entrants. To remain competitive, the QT Resulting Issuer and the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The QT Resulting Issuer and the Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the businesses, financial condition and results of operations of GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer.

Risk Factors Relating to the QT Resulting Issuer's and the Resulting Issuer's Operations

The QT Resulting Issuer and the Resulting Issuer have limited operating history

GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer's lack of operating history may make it difficult for investors to evaluate the QT Resulting Issuer's and the Resulting Issuer's prospects for success and there is no guarantee that the QT Resulting Issuer's and the Resulting Issuer's business models will achieve their strategic objectives. There is no assurance that the QT Resulting Issuer and the Resulting Issuer will be successful and the likelihood of success must be considered in light of their relatively early stages of operation.

Reliance on advertisers for revenue

GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer rely on advertisers to purchase inventory from the GameCo's, Enthusiast Gaming's, QT Resulting Issuer's and the Resulting

Issuer's network of digital media publishers for future revenue. The QT Resulting Issuer's and the Resulting Issuer's inability to secure contracts for advertising revenues may have a material adverse effect on its business, financial condition, and results of operations. Additionally, this is a relatively new and rapidly evolving industry and as such, it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online advertising or that the supply of advertising inventory on gaming digital media properties will not exceed the demand. If the industry grows slower than anticipated or the QT Resulting Issuer's and the Resulting Issuer's existing products and services lose, or its new products and services fail to achieve, market acceptance, the QT Resulting Issuer and the Resulting Issuer may be unable to achieve their strategic business objectives, which could have a material adverse effect on their prospects, businesses, financial condition or results of operation.

The QT Resulting Issuer and the Resulting Issuer depend on third parties, including users and content providers

GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer are reliant to an extent on third parties, including content providers, users, and affiliate network publishers. The QT Resulting Issuer's and the Resulting Issuer's success are partially dependent on their ability to attract and retain quality content providers. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of the QT Resulting Issuer or the Resulting Issuer. Moreover, the QT Resulting Issuer's and the Resulting Issuer's financial performance will be significantly determined by their success in adding, retaining, and engaging active users of their networks of digital media properties. If users do not perceive the QT Resulting Issuer's and the Resulting Issuer's content as interesting, unique and useful, the QT Resulting Issuer and the Resulting Issuer may not be able to attract or retain additional users, which could adversely affect their businesses.

The QT Resulting Issuer and the Resulting Issuer may be unable to complete favourable acquisitions

As part of the QT Resulting Issuer's and the Resulting Issuer's business strategy, they may attempt to acquire businesses that they believe are a strategic fit with their businesses, such as gaming digital media publishers. The QT Resulting Issuer and the Resulting Issuer may not be able to complete such acquisitions on favourable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of their businesses. Since the QT Resulting Issuer and the Resulting Issuer may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value they realize from a future acquisition, and any acquisition the QT Resulting Issuer or the Resulting Issuer completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

Limited long-term agreements for advertising revenue

The QT Resulting Issuer's and the Resulting Issuer's success requires them to maintain and expand their current advertising revenue-generating relationships and to develop new relationships. The QT Resulting Issuer's and the Resulting Issuer's contracts that help drive advertising revenue generally do not include long-term obligations requiring third parties to purchase the QT Resulting Issuer's or the Resulting Issuer's inventory and services or QT Resulting Issuer or the Resulting Issuer to market their advertising inventory. As a result, the QT Resulting Issuer and the Resulting Issuer may have limited visibility as to its future advertising revenue streams. The QT Resulting Issuer and the Resulting Issuer cannot ensure

their advertising revenue generating sources will continue to operate or that the QT Resulting Issuer and the Resulting Issuer will be able to replace, in a timely or effective manner, departing clients with new sources that generate comparable revenue. Any non-renewal, renegotiation, cancellation or deferral of significant advertising contracts that in the aggregate account for a significant amount of revenue, could have a material adverse effect on the the QT Resulting Issuer's and the Resulting Issuer's prospects, businesses, financial condition or results of operations.

Brand development

The brand identities that the QT Resulting Issuer and the Resulting Issuer have developed have significantly contributed to the success of their businesses. Maintaining and enhancing the QT Resulting Issuer brand and the Resulting Issuer brand is critical to expanding the QT Resulting Issuer's and the Resulting Issuer's user bases and networks of publishers and advertisers. The QT Resulting Issuer and the Resulting Issuer believe that the importance of brand recognition will increase due to the relatively low barrier to entry in the industry. The QT Resulting Issuer and the Resulting Issuer brands may be negatively impacted by a number of factors, including software malfunctions, delivery of incorrect information, and data privacy and security issues. If the QT Resulting Issuer and the Resulting Issuer fail to maintain and enhance their brands, or if the QT Resulting Issuer and the Resulting Issuer incur excessive expenses in this effort, it could have a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's prospects, businesses, financial condition or results of operations. Maintaining and enhancing the QT Resulting Issuer brand and the Resulting Issuer brand will depend largely on the QT Resulting Issuer's and the Resulting Issuer's ability to continue to provide high-quality products and services, which the QT Resulting Issuer and the Resulting Issuer may not continue to do successfully.

The adtech and programmatic optimization tools utilized by the QT Resulting Issuer and the Resulting Issuer are highly technical, and if not utilized properly, the QT Resulting Issuer and the Resulting Issuer's businesses could be adversely affected

The adtech and programmatic optimization tools utilized by the QT Resulting Issuer and the Resulting Issuer enable them to target advertisements by a number of factors, including age, gender, income, occupation, etc. There can be no assurance that the adtech and programmatic optimization tools utilized by the QT Resulting Issuer and the Resulting Issuer will not be enhanced or rendered obsolete by advances in technology, or that the QT Resulting Issuer and the Resulting Issuer will be able to utilize the adtech or programmatic tools necessary to remain competitive. This could have an adverse effect on the QT Resulting Issuer's and the Resulting Issuer's businesses, operations or financial condition. Moreover, the adtech and programmatic optimization tools utilized by the QT Resulting Issuer and the Resulting Issuer are highly technical and complex and may now or in the future contain undetected errors, bugs, or vulnerabilities which may result in unsuccessful advertising campaigns. Any unsuccessful advertising campaigns could result in damage to the QT Resulting Issuer's and the Resulting Issuer's reputations, loss of users, loss of revenue, or liability for damages, any of which could adversely affect the QT Resulting Issuer's and the Resulting Issuer's businesses and financial results.

Users may use ad-blockers

The success of the QT Resulting Issuer's and the Resulting Issuer's business models depend on their ability to deliver targeted, highly relevant ads to users of the QT Resulting Issuer and the Resulting Issuer's networks of digital media properties. Targeted advertising is done primarily through analysis of data, much of which is collected on the basis of user-provided permissions. This data might include a user's location, or data collected when users view an advertisement or when they click on or otherwise engage with an advertisement. Users may elect not to allow data sharing for targeted advertising for a number of reasons, such as privacy concerns. In addition, companies are constantly developing products that enable users to prevent advertisements from appearing on their web browsers. Wider adoption of

these products could have a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's prospects, businesses, financial conditions or results of operations.

The QT Resulting Issuer's and the Resulting Issuer's transmission of user data

The QT Resulting Issuer and the Resulting Issuer transmit and store a large volume of data. The QT Resulting Issuer and the Resulting Issuer may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that they collect. The QT Resulting Issuer's and the Resulting Issuer's efforts to protect the personal information of their users, partners and clients may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the QT Resulting Issuer's and the Resulting Issuer's data, their users' data, their partners' data or their clients' data. If any of these events occur, users', partners' or clients' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the QT Resulting Issuer's and the Resulting Issuer's terms of service or policies could damage the QT Resulting Issuer's and the Resulting Issuer's reputations and the QT Resulting Issuer's and the Resulting Issuer's brands and diminish their competitive position. Moreover, affected users, clients or governmental authorities could initiate legal or regulatory action against the QT Resulting Issuer and the Resulting Issuer in connection with such incidents, which could cause the QT Resulting Issuer and the Resulting Issuer to incur significant expense and liability or result in orders or consent decrees forcing the QT Resulting Issuer and the Resulting Issuer to modify their business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's prospects, businesses, financial condition or results of operations.

The QT Resulting Issuer and the Resulting Issuer are subject to privacy laws in each jurisdiction in which they operate and may face risks related to breaches of the applicable privacy laws

The QT Resulting Issuer and the Resulting Issuer collect and store personal information about their users, clients and partners and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly user and partner lists, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach could have a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's businesses, financial condition or results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("PIPEDA"), protect personal information by limiting their use and disclosure of personal information. If the QT Resulting Issuer or the Resulting Issuer were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, they could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm their reputations and have a material adverse effect on the businesses, financial condition or results of operations of the QT Resulting Issuer and the Resulting Issuer.

In Europe, the General Data Protection Regulation ("GDPR"), which came into force in May 2018, introduced new obligations that apply internationally to entities that control or process the personal data of the citizens of the European Union. Several of these obligations, if applicable, may require changes to the processes used by the Resulting Issuer. The QT Resulting Issuer and the Resulting Issuer are also subject to the European Union data protection law, GDPR. Existing and proposed laws and regulations,

in particular in the European Union and the United States, concerning user privacy, use of personal information and on-line tracking technologies could affect the efficacy and profitability of internet-based and digital marketing. The costs of compliance with these laws may increase in the future as a result of the implementation of new laws or regulations, such as the GDPR, or changes in interpretations of current ones. Any failure by the QT Resulting Issuer or the Resulting Issuer to comply with these legal requirements, or their application in an unanticipated manner, could harm their businesses and result in penalties or significant legal liability.

The QT Resulting Issuer's and The Resulting Issuer's management teams have limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of their businesses

The individuals who now constitute the QT Resulting Issuer's and the Resulting Issuer's management teams have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. The QT Resulting Issuer's and the Resulting Issuer's management teams may not successfully or efficiently manage a public company that is subject to significant regulatory oversight and reporting obligations.

The requirements of being a public company may strain the QT Resulting Issuer's and the Resulting Issuer's resources, divert management's attention and affect their ability to attract and retain executive management and qualified board members

As a reporting issuer, the QT Resulting Issuer and the Resulting Issuer are subject to the reporting requirements of applicable securities legislation of the jurisdiction in which they are a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations increased the QT Resulting Issuer's and the Resulting Issuer's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increased demand on their systems and resources. Applicable securities laws require the QT Resulting Issuer and the Resulting Issuer to, among other things, file certain annual and quarterly reports with respect to their businesses and results of operations. In addition, applicable securities laws require the QT Resulting Issuer and the Resulting Issuer to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, the QT Resulting Issuer and the Resulting Issuer are improving their disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations. To comply with these requirements, the QT Resulting Issuer and the Resulting Issuer may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The QT Resulting Issuer and the Resulting Issuer intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of

management's time and attention from revenue generating activities to compliance activities. If their efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the QT Resulting Issuer or the Resulting Issuer and the QT Resulting Issuer's and the Resulting Issuer's businesses may be adversely affected.

As a public company subject to these rules and regulations, the QT Resulting Issuer and the Resulting Issuer may find it more expensive for them to obtain director and officer liability insurance, and they may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the QT Resulting Issuer and the Resulting Issuer to attract and retain qualified members of their boards of directors, particularly to serve on their audit committees and compensation committees, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, the QT Resulting Issuer's and the Resulting Issuer's businesses and financial condition have become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, the QT Resulting Issuer's and the Resulting Issuer's businesses and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in their favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the QT Resulting Issuer's and the Resulting Issuer's management and harm their businesses and results of operations.

If research analysts do not publish research about the QT Resulting Issuer's and the Resulting Issuer's businesses or if they issue unfavourable commentary or downgrade the Resulting Issuer Shares, the QT Resulting Issuer's and the Resulting Issuer's stock price and trading volume could decline

The trading market for the securities of the QT Resulting Issuer and the Resulting Issuer may depend in part on the research and reports that research analysts publish about the QT Resulting Issuer and the Resulting Issuer and their businesses. If the QT Resulting Issuer and the Resulting Issuer do not maintain adequate research coverage, or if one or more analysts who covers the QT Resulting Issuer and the Resulting Issuer downgrades their stock, or publishes inaccurate or unfavourable research about the QT Resulting Issuer's and the Resulting Issuer's businesses, the price of QT Resulting Issuer and the Resulting Issuer Shares could decline. If one or more of the research analysts ceases to cover the QT Resulting Issuer and the Resulting Issuer or fails to publish reports on them regularly, demand for securities of the QT Resulting Issuer and the Resulting Issuer could decrease, which could cause the QT Resulting Issuer's and the Resulting Issuer's stock price or trading volume to decline.

The market price of the QT Resulting Issuer's and the Resulting Issuer's common shares may decline due to the large number of outstanding common shares eligible for future sale

Sales of substantial amounts of the Resulting Issuer Shares in the public market, or the perception that these sales could occur, could cause the market price of the Resulting Issuer Shares to decline. These sales could also make it more difficult for the QT Resulting Issuer and the Resulting Issuer to sell equity or equity-related securities in the future at a time and price that they deem appropriate.

Certain shares of the QT Resulting Issuer and the Resulting Issuer, such as those subject to escrow agreements, will have restrictions on trading.

The QT Resulting Issuer and the Resulting Issuer may also issue Resulting Issuer Shares or securities convertible into the Resulting Issuer Shares from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to existing holders of the Resulting Issuer Shares and cause the trading price of the QT Resulting Issuer's and the Resulting Issuer's securities to decline.

The QT Resulting Issuer and the Resulting Issuer may issue additional equity securities, or engage in other transactions that could dilute their book value or affect the priority of the Resulting Issuer Shares, which may adversely affect the market price of the Resulting Issuer Shares

The boards of directors of the QT Resulting Issuer and the Resulting Issuer may determine from time to time that they need to raise additional capital by issuing additional Resulting Issuer Shares or other securities. Except as otherwise described in this Circular, the QT Resulting Issuer and the Resulting Issuer will not be restricted from issuing additional Resulting Issuer Shares, including securities that are convertible into or exchangeable for, or that represent the right to receive, Resulting Issuer Shares. Because the QT Resulting Issuer's and the Resulting Issuer's decisions to issue securities in any future offering will depend on market conditions and other factors beyond the QT Resulting Issuer's and the Resulting Issuer's control, they cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of its existing shareholders or reduce the market price of their common stock, or both. Holders of the Resulting Issuer Shares are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences, and privileges that are senior to, and that adversely affect the QT Resulting Issuer's and the Resulting Issuer's then-current holders of the Resulting Issuer Shares. Additionally, if the QT Resulting Issuer and the Resulting Issuer raise additional capital by making offerings of debt or preference shares, upon liquidation of the QT Resulting Issuer and the Resulting Issuer, holders of their debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of their available assets before the holders of the Resulting Issuer Shares.

The QT Resulting Issuer and the Resulting Issuer may invest or spend the proceeds of the GameCo Subscription Receipt Financing in ways with which investors may not agree or in ways which may not yield a return

The QT Resulting Issuer's and the Resulting Issuer's management will have broad discretion in using the net proceeds from the GameCo Subscription Receipt Financing. Investors will not have the opportunity, as part of their investment decision, to assess whether the proceeds will be used appropriately and investors may disagree with how they are used. Investors will be relying on the judgment of the QT Resulting Issuer's and the Resulting Issuer's management who may fail to apply such proceeds in ways that benefit the businesses or increase their value. If the proceeds are not applied effectively, the ability to maintain and grow the business could be impaired.

Tax considerations applicable to an investment in the Resulting Issuer Shares

Each prospective investor should consult with their own tax advisor with respect to the Canadian and non-Canadian income tax consequences of acquiring, holding, and disposing of the Resulting Issuer Shares, based on each prospective investor's particular circumstances.

History of net losses

Each of J55, Enthusiast Gaming and GameCo have incurred operating losses since their respective incorporations. The QT Resulting Issuer and the Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the QT Resulting Issuer and the Resulting Issuer expect to continue to increase operating expenses as they implement initiatives to continue to grow their business. If the QT Resulting Issuer's and the Resulting Issuer's revenues do not increase to offset these expected increases in costs and operating expenses, the QT Resulting Issuer and the Resulting Issuer may not be profitable.

Negative operating cash flow

Neither J55 nor GameCo have generated operating revenue and each of J55, Enthusiast Gaming and GameCo historically have had negative cash flow from operating activities. It is anticipated that the QT Resulting Issuer and the Resulting Issuer will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing the QT Resulting Issuer's and the Resulting Issuer's vulnerability to general adverse economic and industry conditions;
- limiting the QT Resulting Issuer's and the Resulting Issuer's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting the QT Resulting Issuer's and the Resulting Issuer's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on management

The success of the QT Resulting Issuer and the Resulting Issuer will be dependent upon the ability, expertise and judgment of its senior management. Any loss of the services of such individuals could have a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's businesses, operations, results, financial condition or prospects.

Dependence on personnel

Due to the technical nature of their businesses and the dynamic market in which GameCo and Enthusiast Gaming compete, GameCo's and Enthusiast Gaming's success depends on their ability to attract and retain highly skilled managerial, marketing and sales personnel. In particular, the QT Resulting Issuer's and the Resulting Issuer's future success will depend in part on the continued services of each of their proposed executive officers and other key employees. Competition for qualified personnel in the industry in which GameCo and Enthusiast Gaming operate is intense. GameCo and Enthusiast Gaming believe that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's or the Resulting Issuer's sales, operations and profits.

Litigation

The QT Resulting Issuer and the Resulting Issuer may become party to litigation from time to time in the ordinary course of business, which could adversely affect their businesses. Should any litigation in which the QT Resulting Issuer or the Resulting Issuer become involved be determined against the QT Resulting Issuer or the Resulting Issuer, such a decision could adversely affect the QT Resulting Issuer's or the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares, and could use significant financial and personnel resources of the QT Resulting Issuer or the Resulting Issuer. Even if the QT Resulting Issuer or the Resulting Issuer are involved in litigation and win, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may be time consuming, expensive and may distract the QT Resulting Issuer and the Resulting Issuer from the conduct of their daily business. It is possible that the QT Resulting Issuer and the Resulting Issuer will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have

a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other professional advisors, and the QT Resulting Issuer's and the Resulting Issuer's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect the QT Resulting Issuer's and the Resulting Issuer's reputations, operating results, liquidity or financial position. Furthermore, it is not known with certainty if any of this type of litigation or any resulting expenses will be fully or even partially covered by the QT Resulting Issuer's and the Resulting Issuer's insurance. In addition, these lawsuits may cause insurance premiums to increase in future periods.

Cyber security

Cyber attacks or other breaches of network or IT systems security may cause disruptions to the QT Resulting Issuer's and the Resulting Issuer's operations. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to the QT Resulting Issuer's and the Resulting Issuer's reputations. Furthermore, the prevalence and sophistication of these types of threats are increasing and the QT Resulting Issuer's and the Resulting Issuer's security measures may not be sufficient to prevent the damage that such threats can inflict on the QT Resulting Issuer's and the Resulting Issuer's assets and information. The QT Resulting Issuer's and the Resulting Issuer's insurance may not be adequate to fully reimburse GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer for these costs and losses.

Intellectual property

The QT Resulting Issuer and the Resulting Issuer may protect their intellectual property through trade secrets, reliance upon copyright legislation, common law trademark protection, and trademark applications and registrations. However, filing trademark applications may not result in enforceable trademark rights in all jurisdictions that the QT Resulting Issuer and the Resulting Issuer may operate in. Unauthorized parties may attempt to copy aspects of the QT Resulting Issuer's and the Resulting Issuer's products or to obtain information it regards as proprietary. Policing unauthorized use of proprietary technology, if required, may be difficult, time-consuming and costly. If a third-party misappropriates the QT Resulting Issuer's and the Resulting Issuer's intellectual property, the QT Resulting Issuer and the Resulting Issuer may be unable to enforce their rights. If the QT Resulting Issuer and the Resulting Issuer are unable to protect their intellectual property against unauthorized use by others, it could have an adverse effect on their competitive position. The QT Resulting Issuer and the Resulting Issuer may be challenged by allegations of its infringement of the intellectual property of others. There is no assurance the QT Resulting Issuer and the Resulting Issuer will be successful in defending such claims and, if the QT Resulting Issuer or the Resulting Issuer are unsuccessful, there is no assurance that the QT Resulting Issuer or the Resulting Issuer will be successful in obtaining a licence for the intellectual property in question. Intellectual property claims are expensive and time consuming to defend and, even if they are without merit, may cause delay in the introduction of new products or services. In addition, the QT Resulting Issuer's and the Resulting Issuer's managerial resources could be diverted in order to defend their rights, which could disrupt their operations.

GameCo, Enthusiast Gaming, the QT Resulting Issuer or the Resulting Issuer may receive assertions or claims from third parties alleging that GameCo's, Enthusiast Gaming's, the QT Resulting Issuer's or the Resulting Issuer's products violate or infringe their intellectual property rights. This potential liability, if realized, could materially adversely affect the QT Resulting Issuer's and the Resulting Issuer's businesses, operating results and financial condition. In addition to potentially being found to be liable for substantial damages in the event of an unfavorable outcome in such a claim, the QT Resulting Issuer and the Resulting Issuer may have to cease the sale of certain products and restructure their businesses.

Difficulty to forecast

GameCo and Enthusiast Gaming must rely largely on their own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this preliminary stage of the esports industry. A failure in the demand for its products or services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the businesses, results of operations and financial condition of GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer.

Variable revenues and earnings

The revenues and earnings of the QT Resulting Issuer and the Resulting Issuer may fluctuate from quarter to quarter, which could affect the market price of the Resulting Issuer Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, activities of the QT Resulting Issuer's and the Resulting Issuer's competitors, cyclical fluctuations related to the evolution of the esports industry and online gaming technologies, concentration in the QT Resulting Issuer's and the Resulting Issuer's customer bases, transition periods associated with the migration to new technologies, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the QT Resulting Issuer's and the Resulting Issuer's revenues, gross margins and earnings in any given quarter.

Suppliers

In the event that the QT Resulting Issuer and the Resulting Issuer are unable to maintain or establish relationships with suppliers or service providers as required, the availability, pricing and quality of their products and services may be adversely affected, causing an adverse effect on the QT Resulting Issuer's and the Resulting Issuer's businesses, operating results and financial condition. Relationships with third-party suppliers and service providers also expose GameCo, Enthusiast Gaming, the QT Resulting Issuer and the Resulting Issuer to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

Operating risk and insurance coverage

GameCo and Enthusiast Gaming may obtain insurance to protect their assets, operations and employees. Such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the QT Resulting Issuer and the Resulting Issuer are exposed. In addition, no assurance can be given that such insurance would be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the QT Resulting Issuer or the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the QT Resulting Issuer or the Resulting Issuer were to incur such liability at a time when they are not able to obtain liability insurance, their businesses, results of operations and financial condition could be materially adversely affected.

Management of growth

The QT Resulting Issuer and the Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the QT Resulting Issuer and the Resulting Issuer to manage growth effectively will require them to continue to implement and improve their operational and financial systems and to expand, train and manage their employee bases. The inability of the QT Resulting Issuer and the Resulting Issuer to deal with this growth may have

a material adverse effect on the QT Resulting Issuer's and the Resulting Issuer's businesses, financial condition, results of operations and prospects.

Conflicts of interest

The QT Resulting Issuer and the Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of their officers and directors may be engaged in a range of business activities. In addition, the QT Resulting Issuer and the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the QT Resulting Issuer or the Resulting Issuer. In some cases, the QT Resulting Issuer's and the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the QT Resulting Issuer's and the Resulting Issuer's businesses and affairs and that could adversely affect the QT Resulting Issuer's and the Resulting Issuer's operations. These business interests could require significant time and attention of the QT Resulting Issuer's and the Resulting Issuer's executive officers and directors.

In addition, the QT Resulting Issuer and the Resulting Issuer may also become involved in other transactions which conflict with the interests of their directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the QT Resulting Issuer and the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by them. The interests of these persons could conflict with those of the QT Resulting Issuer and the Resulting Issuer. In addition, from time to time, these persons may be competing with the QT Resulting Issuer and the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the QT Resulting Issuer's and the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the QT Resulting Issuer and the Resulting Issuer are required to act honestly, in good faith and in the best interests of the QT Resulting Issuer and the Resulting Issuer.

Dividends

Enthusiast Gaming and GameCo have no dividend record and the QT Resulting Issuer and the Resulting Issuer do not anticipate paying any dividends in the foreseeable future. Dividends paid by the QT Resulting Issuer and the Resulting Issuer would be subject to tax and, potentially, withholdings.

Credit concentration and credit risk

The QT Resulting Issuer and the Resulting Issuer intend to provide credit to their customers in the normal course of operations. Credit risk arises from the potential that a customer or counterparty will fail to meet its contractual obligations. GameCo and Enthusiast Gaming are exposed to credit risk from their customers on their receivables and unbilled revenue. Accounts receivable include amounts due from customers which expose GameCo and Enthusiast Gaming to risk of non-payment. Accounts are subjected to internal credit reviews to minimize risk of non-payment. Although GameCo and Enthusiast Gaming attempt to manage their credit risk exposures, there is no assurance that this provision will be adequate.

Reputational risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other

users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the QT Resulting Issuer and the Resulting Issuer's overall ability to advance their products and services with customers, thereby having a material adverse impact on their financial performance, financial condition, cash flows and growth prospects.

Third party dependence

Many of GameCo's and Enthusiast Gaming's business activities rely on telecommunication and network systems that they does not own or operate. Such telecommunication and network systems are complex electronic systems, subject to electronic and mechanical failures and possible sabotage. Given the event-based nature of the esports industry, even temporary or limited failures of these telecommunication and network systems would impair GameCo's and Enthusiast Gaming's business activities and/or the growth of current and additional market opportunities, which would adversely affect the QT Resulting Issuer's and the Resulting Issuer's results of operations.

Industry growth

There can be no assurance that the QT Resulting Issuer's and the Resulting Issuer's targeted vertical and geographic markets will grow, or that they will be successful in establishing new vertical and geographic markets. If the various markets in which the QT Resulting Issuer's and the Resulting Issuer's products and services compete fail to grow, or grow more slowly than anticipated, or if they are unable to establish themselves in new markets, their growth plans could be materially adversely affected.

Accounting estimates

GameCo and Enthusiast Gaming commenced preparing their respective financial statements in Canadian dollars in accordance with IFRS. Their respective managements make various estimates and assumptions in determining their respective reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses for each year presented. The significant estimates include testing for impairment of goodwill, share price volatility, the future realization of deferred tax assets, and the collectability of receivables and other financial assets. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain events.

Internal controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Risk Factors Relating to the General Economic and Political Conditions

Share price fluctuations

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the QT Resulting Issuer, the Resulting Issuer and their subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the QT Resulting Issuer, the Resulting Issuer and their subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the QT Resulting Issuer's and the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as

general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

Limited market for securities

Upon completion of the Amalgamation and the Arrangement, the Resulting Issuer Shares are intended to be listed on the TSXV, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell Resulting Issuer Shares.

Additional financing

In order to execute their anticipated growth strategies, the QT Resulting Issuer and the Resulting Issuer may require additional equity and/or debt financing to support ongoing operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the QT Resulting Issuer and the Resulting Issuer when needed or on terms which are acceptable. The QT Resulting Issuer's and the Resulting Issuer's inability to raise additional financing could limit the QT Resulting Issuer's and the Resulting Issuer's growth and may have a material adverse effect upon their businesses, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the QT Resulting Issuer and the Resulting Issuer to obtain additional capital and to pursue business opportunities.

Foreign exchange

As it is anticipated that GameCo's and Enthusiast Gaming's operations will expand with increased global sales, it is expected that it may be necessary to transact sales in foreign currencies other than Canadian dollars, thus exposing the QT Resulting Issuer and the Resulting Issuer to foreign currency risk. A portion of the revenues of the QT Resulting Issuer and the Resulting Issuer are expected to be collected in US dollars and the fluctuation of value of the US dollar could impact the success of the business of the QT Resulting Issuer and the Resulting Issuer and its financial results.

Government regulations

Although GameCo and Enthusiast Gaming believe that they have obtained the necessary approvals for the products and services that they currently sell, the QT Resulting Issuer and the Resulting Issuer may not be able to obtain approvals for future products and services on a timely basis, or at all. In addition, regulatory requirements may change or the QT Resulting Issuer and the Resulting Issuer may not be able to obtain regulatory approvals from countries in which the QT Resulting Issuer and the Resulting Issuer may desire to sell products in the future. The QT Resulting Issuer and the Resulting Issuer may be required to incur additional costs in order to comply with foreign and state government regulations as they might pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations.

ADDITIONAL INFORMATION

Additional information relating to J55 and Enthusiast is available at www.sedar.com under each company's profile.

J55 Shareholders may contact J55 at its head office by mail at Suite 830 – 1100 Melville Street, Vancouver, British Columbia, V6E 4A6, to request copies of J55's financial statements and related MD&A. Financial information of J55 is provided in the audited financial statements and MD&A for J55 for its year ended December 31, 2018 and the unaudited financial statements for the three months ended March 31, 2019.

Enthusiast Shareholders may contact Enthusiast Gaming at its head office by mail at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario M4P 2Y3, to request copies of Enthusiast Gaming's financial statements and related MD&A. Financial information of Enthusiast Gaming is provided in the audited financial statements and MD&A for Enthusiast Gaming for its year ended December 31, 2018 and the unaudited financial statements for the three months ended March 31, 2019.

OTHER MATTERS

Management of each of J55 and Enthusiast Gaming knows of no other matters to come before the J55 Meeting or the Enthusiast Meeting, as applicable, other than those referred to in the applicable Notice of Meeting included at the beginning of this Circular. However, if any other matters that are not known to management should properly come before the J55 Meeting or the Enthusiast Meeting, as applicable, the accompanying forms of proxy confer discretionary authority upon the persons named in the proxy to vote on such matters in accordance with their best judgment.

APPROVAL OF THE J55 AND ENTHUSIAST BOARD OF DIRECTORS

The J55 Board and the Enthusiast Board have authorized and approved the contents of this Circular, and have approved the delivery of it to each J55 Shareholder and Enthusiast Shareholder entitled to receive it and to the appropriate regulatory agencies.

CERTIFICATE OF J55 CAPITAL CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of J55 Capital Corp. assuming completion of the Transactions.

DATED this 23rd day of July, 2019.

J55 CAPITAL CORP.

"Adrian Montgomery"

Adrian Montgomery
Chief Executive Officer and Director

"John Veltheer"

John Veltheer
Chief Financial Officer, Secretary and Director

ON BEHALF OF THE BOARD OF DIRECTORS OF J55 CAPITAL CORP.

"Francesco Aquilini"

Francesco Aquilini
Director

"Alexander Helmel"

Alexander Helmel
Director

CERTIFICATE OF AQUILINI GAMECO INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Aquilini GameCo Inc. assuming completion of the Transactions.

DATED this 23rd day of July, 2019.

AQUILINI GAMECO INC.

"Adrian Montgomery"

Adrian Montgomery
Chief Executive Officer

"Alex Macdonald"

Alex Macdonald
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF AQUILINI GAMECO INC.

"Francesco Aquilini"

Francesco Aquilini
Director

"Adrian Montgomery"

Adrian Montgomery
Director

CERTIFICATE OF ENTHUSIAST GAMING HOLDINGS INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Enthusiast Gaming Holdings Inc. assuming completion of the Transactions.

DATED this 23rd day of July, 2019.

ENTHUSIAST GAMING HOLDINGS INC.

"Menashe Kestenbaum"

Menashe Kestenbaum
Chief Executive Officer

"Gadi Levin"

Gadi Levin
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF ENTHUSIAST GAMING HOLDINGS INC.

"Menashe Kestenbaum"

Menashe Kestenbaum
Director

"Alan Friedman"

Alan Friedman
Director

J55 ACKNOWLEDGMENT - PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of TSXV Form 3B1, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to TSXV Form 3B1; and
- (b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED this 23rd day of July, 2019.

J55 CAPITAL CORP.

“John Veltheer”

John Veltheer

Chief Financial Officer, Secretary and
Director

ENTHUSIAST ACKNOWLEDGMENT - PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of TSXV Form 3B1, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to TSXV Form 3B1; and
- (b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED this 23rd day of July, 2019.

ENTHUSIAST GAMING HOLDINGS INC.

“Menashe Kestenbaum”

Menashe Kestenbaum

Chief Executive Officer and Director

CONSENT OF HAYWOOD SECURITIES INC.

CONSENT OF HAYWOOD SECURITIES INC.

To: The Board of Directors of Enthusiast Gaming Holdings Inc.

Reference is made to the fairness opinion (the "**Fairness Opinion**") dated May 30, 2019, which Haywood Securities Inc. prepared for the board of directors of Enthusiast Gaming Holdings Inc. ("**Enthusiast Gaming**") in connection with the proposed plan of arrangement involving Enthusiast Gaming and J55 Capital Corp. ("**J55**").

We hereby consent to the filing of the Fairness Opinion in this information circular of J55 and Enthusiast Gaming dated July 23, 2019 (the "**Circular**") with the applicable securities regulatory authorities and the inclusion of the Fairness Opinion and a summary of the Fairness Opinion in the Circular. In providing such consent, we do not intend that any person other than the board of directors of Enthusiast Gaming rely upon the Fairness Opinion.

DATED July 23, 2019.



HAYWOOD SECURITIES INC.

MNP CONSENT J55 CAPITAL CORP.



July 23, 2019

TSX Venture Exchange

Dear Sir/ Madam:

Re: Joint management information circular ("Circular") of J55 Capital Corp. and Enthusiast Gaming Holdings Inc.

We refer to the Circular of J55 Capital Corp. (the "Company") and Enthusiast Gaming Holdings Inc. dated July 23, 2019 relating to the proposed qualifying transaction consisting of the acquisition of Aquilini GameCo Inc. by the Company and the transactions contemplated by the Arrangement Agreement amount the Company, Enthusiast Gaming Holdings Inc. and Aquilini GameCo Inc.

We consent to being named and to the use in the above-mentioned Circular, of our report dated April 3, 2019, to the Shareholders of J55 Capital Corp. on the following financial statements:

- a. Statements of financial position as at December 31, 2018; and,
- b. Statements of comprehensive income (loss), shareholders' equity and cash flows for the period from the Date of Incorporation (June 27, 2018) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

We report that we have read the Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Circular as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Yours truly,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX
SUITE 300, 111 RICHMOND STREET W, TORONTO ON, M5H 2G4
1.877.251.2922 T: 416.596.1711 F: 416.596.7894 MNP.ca

MNP CONSENT AQUILINI GAMECO INC.



July 23, 2019

TSX Venture Exchange

Dear Sir/ Madam:

Re: Joint management information circular ("Circular") of J55 Capital Corp. and Enthusiast Gaming Holdings Inc.

We refer to the Circular of J55 Capital Corp. (the "Company") and Enthusiast Gaming Holdings Inc., dated July 23, 2019, relating to the proposed qualifying transaction consisting of the acquisition of Aquilini GameCo Inc., by the Company, and the transactions contemplated by the Arrangement Agreement amount of the Company, Enthusiast Gaming Holdings Inc. and Aquilini GameCo Inc.

We consent to being named and to the use in the above-mentioned Circular, of our report dated May 24, 2019, to the Shareholders of Aquilini GameCo Inc. on the following financial statements:

- a. Statement of financial position as at December 31, 2018; and,
- b. Statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from August 29, 2018 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

We report that we have read the Circular and all information therein and have no reason to believe there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Circular as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Yours truly,

MNP LLP

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MNP CONSENT ENTHUSIAST GAMING HOLDINGS INC.



July 23, 2019

TSX Venture Exchange

Dear Sir/ Madam:

Re: Joint management information circular ("Circular") of J55 Capital Corp. and Enthusiast Gaming Holdings Inc.

We refer to the Circular of J55 Capital Corp. (the "Company") and Enthusiast Gaming Holdings Inc., dated July 23, 2019, relating to the proposed qualifying transaction consisting of the acquisition of Aquilini GameCo Inc., by the Company, and the transactions contemplated by the Arrangement Agreement amount of the Company, Enthusiast Gaming Holdings Inc. and Aquilini GameCo Inc.

We consent to being named and to the use in the above-mentioned Circular, of our report dated April 29, 2019, to the Shareholders of the Enthusiast Gaming Holdings Inc. on the following financial statements:

- a. Consolidated statements of financial position as at December 31, 2018 and December 31, 2017; and,
- b. Consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We report that we have read the Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Circular as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Yours truly,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants



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SEGAL CONSENT LUMINOSITY GAMING



SEGAL LLP
Chartered Professional Accountants

4101 Yonge Street
Suite 502, P.O. Box 202
Toronto, Ontario M2P 1N6

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

July 23, 2019

TSX Venture Exchange

Dear Sirs / Mesdames:

Re: Luminosity Gaming

We refer to the notice of annual and special meeting and joint management information circular of J55 Capital Corp. ("J55") and Enthusiast Gaming Holdings Inc. ("Enthusiast") dated July 23, 2019 (the "Circular").

We consent to being named in the circular and to the use, through incorporation by reference in the above-mentioned Circular, of our independent auditor's report dated July 11, 2019, to the shareholder of Luminosity Gaming Inc. and Luminosity Gaming (USA) LLC (jointly referred to as "Luminosity Gaming"), on the following financial statements:

- Statements of combined financial position as at December 31, 2018, 2017 and 2016;
- Statements of combined comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2018, 2017 and 2016; and
- A summary of significant accounting policies and other explanatory information.

We consent to being named and to the use, through incorporation by reference in the above-mentioned Circular, of our independent practitioner's review engagement report dated July 11, 2019, to the shareholder of Luminosity Gaming, on the following financial statements:

- Interim statement of combined financial position as at March 31, 2019;
- Interim statement of combined comprehensive loss, statement of changes in equity and statement of cash flows for the period ended March 31, 2019; and
- A summary of significant accounting policies and other explanatory information.

An Independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

We report that we have read the Circular and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the combined financial statements upon which we have reported or that are within our knowledge as a result of our audit and review of such combined financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the filing statements as these terms are described in the *CPA Canada Handbook – Assurance*.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario

APPENDIX 1

INFORMATION CONCERNING THE AMALGAMATION

Introduction

Pursuant to the Amalgamation Agreement, a copy of which is attached hereto as Appendix 16, J55, a CPC which currently has no active business, has agreed to acquire GameCo, such that the business of GameCo becomes the business of J55. In connection with the foregoing: (i) Newco, which is a newly-incorporated wholly-owned subsidiary of J55, and GameCo will amalgamate under the CBCA to form Amalco, resulting in Amalco being a wholly-owned subsidiary of J55, and (ii) J55 will issue J55 Amalgamation Consideration Shares, J55 Amalgamation Consideration Options, J55 Amalgamation Consideration Warrants and J55 Amalgamation Consideration Debentures to the GameCo Shareholders, holders of GameCo Options, holders of GameCo Warrants, and holders of GameCo Debentures respectively. Following the Amalgamation Closing, the former GameCo Shareholders will own a majority of the outstanding J55 Shares, the term of the Current Directors will expire, and the QT Directors, including additional nominees of GameCo, will be elected as directors of the QT Resulting Issuer, all as more particularly described in this Circular. The Amalgamation will constitute J55's Qualifying Transaction. See "*Appendix 6 – Information Concerning the Resulting Issuer*".

Approval of the J55 QT Resolution by the J55 Disinterested Shareholders is a condition to the closing of the Amalgamation. See "*Particulars of Matters to be Acted Upon at the J55 Meeting*".

Completion of the Amalgamation is subject to the satisfaction of certain other closing conditions as more particularly described below and set out in the Amalgamation Agreement. Upon completion of the Amalgamation, J55 is expected to immediately complete the Arrangement. See "*Appendix 2 – Information Concerning the Arrangement*".

The following is a description of the principal elements of the Amalgamation.

Background to the Amalgamation

The terms of the Amalgamation are the result of non-arm's length negotiations conducted between J55 and GameCo, which included representatives common to both companies, and their respective legal and financial advisors. The following is a summary of the background leading to the finalization of the terms of the Amalgamation Agreement.

In late July 2018, Adrian Montgomery, now the Chief Executive Officer of GameCo, began to investigate potential investment opportunities in the esports industry. Mr. Montgomery commenced discussions with Stephen Maida, the President of Luminosity, regarding the possibility of acquiring Luminosity. Mr. Montgomery retained Canaccord Genuity Corp. to provide advisory services in connection with the ongoing discussions with Mr. Maida and over several weeks Mr. Montgomery and representatives of Canaccord Genuity Corp. engaged in negotiations with Mr. Maida and his representatives on a potential structure for acquiring and listing Luminosity.

Due diligence and negotiations concerning the possible purchase of Luminosity by GameCo continued for several months among Mr. Maida and his legal representatives and GameCo and its legal and financial representatives. Key areas of negotiation included the purchase price, the form of consideration and the timeline for completing the transaction. On February 14, 2019, these negotiations culminated in GameCo, Mr. Maida and Luminosity executing a binding share purchase agreement in respect of the Luminosity Acquisition.

Discussions between GameCo and J55 regarding a possible qualifying transaction commenced near the time of GameCo entering into the Luminosity SPA on February 14, 2019, led by John Veltheer on behalf of J55 and Mr. Montgomery and Canaccord Genuity Corp. on behalf of GameCo. These discussions ultimately led to the announcement on February 25, 2019 by J55 that it had entered into the LOI with GameCo describing key terms of the Amalgamation. The LOI was approved unanimously by the disinterested members of the J55 Board (Francesco Aquilini, who is a director and significant shareholder of both GameCo and J55, abstained from voting on approval of the LOI). Between February 22, 2019 and May 24, 2019, the Parties and their advisors engaged in further negotiations to determine the terms and conditions of the Amalgamation Agreement. They also each continued to conduct due diligence with respect to the other Party, including with respect to potential capital structure, operations and financial and corporate matters. Drafting of the Amalgamation Agreement commenced following the execution of the LOI. Negotiations on the terms of the Amalgamation Agreement continued until it was finalized on May 24, 2019.

The J55 Board and the GameCo Board reviewed the terms of the Amalgamation Agreement and fully considered their respective duties and obligations to J55 and GameCo, as applicable, and their respective shareholders, before unanimously determining that the Amalgamation was in their respective best interests (with Francesco Aquilini, a director and significant shareholder of GameCo, and Adrian Montgomery, a director, officer and significant shareholder of GameCo, abstaining). The Amalgamation Agreement was executed on May 30, 2019. An amendment to the Amalgamation Agreement was entered into on June 19, 2019 to provide for, among other things, the exchange of the GameCo Debentures for the J55 Amalgamation Consideration Debentures.

J55 and GameCo have certain directors, officers and significant shareholders in common. As a consequence, the Amalgamation will be a Non-Arm's Length Qualifying Transaction as defined in TSXV Policy 2.4 and a Related Party Transaction as defined in MI 61-101. As a consequence, Majority of the Minority Shareholder Approval is required by J55. J55, however, is exempt from the formal valuation requirement under MI 61-101 as none of the securities of J55 are listed or quoted on the TSX, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Reasons for the Amalgamation

In the course of their evaluations of the Amalgamation, the J55 Board and the GameCo Board consulted with their respective management, legal advisors and financial advisors and reviewed an extensive amount of information. It is the opinion of the J55 Board that the Amalgamation will enable J55 Shareholders to participate in the potential upside associated with GameCo's business plan while giving GameCo access to J55's existing capital and providing GameCo Shareholders with increased liquidity.

The conclusions and recommendations of the J55 Board with respect to the Amalgamation were based on various factors, including:

1. **J55's History.** The J55 Board believes that the value of J55 decreases over time as its cash is depleted on public company costs and that in GameCo it has found a deserving Qualifying Transaction that will bring value to J55 Shareholders.
2. **Value Provided to J55.** After a review of J55's history and financial position, the J55 Board and management of J55 are satisfied that the Amalgamation provides J55 and the J55 Shareholders with the best value for its CPC. The J55 Board and management of J55 took into account the items enumerated below and J55's business prospects in settling on the terms of the Amalgamation Agreement.

3. **Review of Alternatives.** The Amalgamation Agreement is the result of a strategic review process by the J55 Board which involved consideration of strategic alternatives available to J55.

The J55 Board also considered the potential benefits of the Amalgamation, including:

- leveraging the goodwill and marketability of the Aquilini organization in the professional sports industry into a new venture in the emerging esports industry;
- becoming one of the first significant participants in the esports industry to be listed on a public stock exchange in Canada;
- the Resulting Issuer will have a management team capable of implementing the business strategy of the Resulting Issuer;
- greater access to sufficient capital to advance the Resulting Issuer's business;
- increased access to capital markets; and
- enhanced liquidity for the current shareholders of J55 as the Resulting Issuer, after giving effect to the Amalgamation, will have a larger market capitalization.

The foregoing summary of the factors considered by the J55 Board is not intended to be exhaustive of all of the factors that were considered in arriving at a conclusion and making the recommendations described herein. The J55 Board used its own knowledge of the business, financial condition and prospects of J55, and the advice of management and its advisors, in its evaluation of the Amalgamation. Given the numerous factors that were considered in connection with evaluating the Amalgamation, it is not practical to quantify or assign a relevant weight to specific facts relied upon by the J55 Board in reaching its conclusions and recommendations. In addition, individual directors may have given different weight to different factors. The conclusions and recommendations were arrived at after giving consideration to the totality of the information and factors involved.

Qualifying Transaction

The Amalgamation, if completed, will result in the acquisition of all of the issued and outstanding GameCo Shares by J55 on the basis of one (1) J55 Amalgamation Consideration Share for each GameCo Share outstanding. Based on approximately 312,488,743 GameCo Shares expected to be outstanding immediately prior to the Amalgamation Closing (following the conversion of all GameCo Subscription Receipts into GameCo Shares, and assuming the maximum allotment of GameCo Agent's Shares and 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement), the Amalgamation is expected to result in the issuance of an aggregate of 312,488,743 J55 Amalgamation Consideration Shares (on a post-First Consolidation basis) to holders of GameCo Shares, assuming no GameCo Options, GameCo Warrants or GameCo Debentures are exercised and no other securities of GameCo are issued prior to the Amalgamation Closing.

In addition, assuming no other securities of GameCo are issued prior to Closing it is expected that immediately prior to the Amalgamation Closing, 9,900,000 GameCo Options, 2,181,690 GameCo Warrants and GameCo Debentures in the principal amount of \$10,000,000 which are convertible into an aggregate of 22,222,222 GameCo Shares will be outstanding, which will be exchanged for 9,900,000 J55 Amalgamation Consideration Options, 2,181,690 J55 Amalgamation Consideration Warrants, and J55 Consideration Debentures which are convertible into an aggregate of 22,222,222 J55 Shares (each on a post-First Consolidation basis), respectively, upon the Amalgamation Closing.

In the event that the Amalgamation is completed, but the Arrangement is not, and assuming that the resulting entity (the “**QT Resulting Issuer**”) has 327,688,743 QT Resulting Issuer Shares (on a post-First Consolidation basis) outstanding immediately following the completion of the Amalgamation, holders of GameCo Shares are expected to hold approximately 95% of the outstanding QT Resulting Issuer Shares on an undiluted basis. The business of GameCo, including the business of Luminosity, will become the business of the QT Resulting Issuer.

Steps of the Amalgamation

Assuming that the J55 QT Resolution is approved at the J55 Meeting, and all other conditions to the Amalgamation Closing are satisfied or waived, the following are the principal steps to the Amalgamation:

- (a) J55 will effect the First Consolidation;
- (b) in accordance with the requirements of the CBCA and BCBCA, as applicable, the amalgamation declarations shall be deposited at the records office of GameCo and Newco, respectively, and Newco and GameCo will jointly complete and file the articles of amalgamation with the CBCA Director in order to give effect to the Amalgamation;
- (c) at the Amalgamation Effective Time, Newco and GameCo will amalgamate and continue as one company, being Amalco, pursuant to the provisions of the CBCA; and
- (d) at the Amalgamation Effective Time:
 - (i) all of the holders of GameCo Shares outstanding immediately prior to the Amalgamation Effective Time, shall receive in exchange for their GameCo Shares, one J55 Amalgamation Consideration Share for each GameCo Share held, and the GameCo Shares outstanding immediately prior to the Amalgamation Effective Time shall be cancelled;
 - (ii) subject to receipt of all required regulatory approvals, each GameCo Warrant outstanding immediately prior to the Amalgamation Effective Time, shall be exchanged for one J55 Consideration Warrant on the same terms as those contained in the GameCo Warrant immediately prior to the Amalgamation and each such GameCo Warrant shall be cancelled;
 - (iii) subject to receipt of all required regulatory approvals, each GameCo Option outstanding immediately prior to the Amalgamation Effective Time shall be exchanged for one J55 Amalgamation Consideration Option on the same terms as those contained in the GameCo Option immediately prior to the Amalgamation and each such GameCo Option shall be cancelled;
 - (iv) subject to receipt of all required regulatory approvals, each GameCo Debenture outstanding immediately prior to the Amalgamation Effective Time shall be exchanged for one J55 Amalgamation Consideration Debenture on the same terms as those contained in the GameCo Debenture immediately prior to the Amalgamation and each such GameCo Debenture shall be cancelled;
 - (v) all of the Newco Shares outstanding immediately prior to the Amalgamation Effective Time shall be exchanged with an equal number of Amalco Shares;

- (vi) J55 shall add to the stated capital account maintained in respect of the J55 Shares an amount equal to the paid-up capital for purposes of the Tax Act of the GameCo Shares immediately before the Amalgamation Effective Time;
- (vii) the aggregate stated capital maintained in respect of the Amalco Shares issued pursuant to the Amalgamation shall be the aggregate of the paid-up capital for the purposes of the Tax Act of the Newco Shares and the GameCo Shares immediately before the Amalgamation Effective Time; and
- (viii) as consideration for the issuance of the J55 Amalgamation Consideration Shares, Amalco will issue to J55 one Amalco Share for each J55 Amalgamation Consideration Share issued.

Following the Amalgamation Closing, in accordance with provisions of the CBCA, the property, rights and interests of each of GameCo and Newco will continue to be the property, rights and interests of Amalco, Amalco will continue to be liable for the obligations of each of GameCo and Newco, and Amalco will be a wholly-owned subsidiary of J55.

The Amalgamation Agreement

The Amalgamation Agreement sets out the terms and conditions relating to the Amalgamation. The provisions of the Amalgamation Agreement are the result of non-arm's length negotiations conducted between representatives of J55 and GameCo, including representatives common to both companies. **Below are summaries of certain of the material terms and conditions of the Amalgamation Agreement, which summaries are subject to, and qualified in their entirety by reference to, the terms and conditions of the full text of the Amalgamation Agreement, which is attached at Appendix 16 to this Circular.**

The First Consolidation

Assuming approval of the J55 QT Resolution, prior to the Amalgamation Effective Time, J55 will alter its share capital by consolidating all of the issued and outstanding J55 Shares on the basis of one post-First Consolidation J55 Share for every 1.25 pre-First Consolidation J55 Shares. If the First Consolidation would result in the issuance of a fractional J55 Share, no fractional J55 Shares will be issued and such fraction will be rounded down to the next whole number, without any compensation therefor.

Conditions Precedent to the Amalgamation

Completion of the Amalgamation is subject to a number of conditions that must be satisfied or waived (in accordance with the terms of the Amalgamation Agreement) by the applicable Party prior to the consummation of the Amalgamation. There can be no assurance that the relevant conditions will be satisfied or waived prior to the Amalgamation Closing.

Mutual Conditions

The obligation of the Parties to complete the Amalgamation is subject to the satisfaction or waiver of certain mutual conditions prior to the Amalgamation Closing, including, among other things: the approval of the GameCo Resolution; the approval of the J55 QT Resolution and certain other resolutions to be considered at the J55 Meeting; the conditional approval of the Qualifying Transaction by the TSXV; and the J55 Amalgamation Consideration Shares being exempt from prospectus requirements under Applicable Securities Laws.

Conditions in Favour of J55

The obligation of J55 to complete the Amalgamation is also subject to the satisfaction or waiver of conditions for the sole benefit of J55 prior to the Amalgamation Closing, including, among other things, that: GameCo has performed in all material respects each covenant or obligation to be performed by it under the Amalgamation Agreement; the representations and warranties of GameCo included in the Amalgamation Agreement are true and correct in all material respects at the Amalgamation Effective Time; the GameCo Board has adopted all necessary resolutions and performed all other corporate actions necessary to give effect to the Amalgamation Agreement; GameCo has completed the Luminosity Acquisition; and there have been no material adverse effects with respect to GameCo.

Conditions in Favour of GameCo

The obligation of GameCo to complete the Amalgamation is also subject to the satisfaction or waiver of conditions for the sole benefit of GameCo prior to the Amalgamation Closing, including, among other things that: J55 has performed in all material respects each covenant or obligation to be performed by it under the Amalgamation Agreement; the representations and warranties of J55 included in the Amalgamation Agreement are true and correct in all material respects at the Amalgamation Effective Time; there have been no material adverse effects with respect to J55; the J55 Board has procured resignations and mutual releases from each director and officer of J55 who will no longer be serving in such capacities following the Amalgamation Closing; and the J55 Board has adopted all necessary resolutions and performed all other corporate actions necessary to give effect to the Amalgamation Agreement.

Covenants

Under the terms of the Amalgamation Agreement, each of J55 and GameCo make certain covenants, including with respect to: keeping the other Party informed as to material decisions made with respect to the operation of its business; not engaging in any solicitations in opposition to or in competition with the Amalgamation; the preparation of filings, including this Circular; the issuance of securities; the timing of convening of the J55 Meeting and shareholder approval for the GameCo Resolution; conduct of business; obtaining of necessary consents to the Amalgamation; and obtaining the approval of the TSXV.

Officers and Directors

Assuming the J55 QT Resolution and the relevant resolution increasing the number of directors are passed at the J55 Meeting, the number of directors of the QT Resulting Issuer will be increased from four (4) to five (5) and the term of the Current Directors will expire upon completion of the Amalgamation; it is expected that the QT Directors will be elected. The members of the audit committee for the QT Resulting Issuer are expected to be Michael Beckerman, Adrian Montgomery and John Veltheer. All members of the proposed QT Resulting Issuer audit committee are financially literate, and Mr. Beckerman is independent.

Assuming that the J55 QT Resolution, the J55 Arrangement Resolution and the relevant resolution increasing the number of directors are each passed at the J55 Meeting, the number of directors of the Resulting Issuer will be further increased from five (5) to seven (7) and the term of the QT Directors will expire upon completion of the Arrangement; it is expected that the Arrangement Directors will be elected. Following the Arrangement Closing, the directors and officers of the Resulting Issuer are expected to be as follows:

Adrian Montgomery – Chief Executive Officer and Director
Menashe Kestenbaum – President and Director

Stephen Maida – President of Esports and Director
Corey Mandell – President of EGLive
Alex Macdonald – Chief Financial Officer
Eric Bernofsky – Chief Operating Officer and Senior Vice President Finance
Meir Bulua – Chief Information Officer
Francesco Aquilini – Non-Executive Chairman and Director
Ben Colabrese – Director
Alan Friedman – Director
Michael Beckerman – Director

GameCo Subscription Receipt Offering

On March 20, 2019, GameCo completed the GameCo Subscription Receipt Offering which raised gross proceeds of \$25,000,200 through a private placement of 83,334,000 GameCo Subscription Receipts at a price of \$0.30 per Subscription Receipt. Each GameCo Subscription Receipt will automatically convert into one GameCo Share prior to the Amalgamation Closing. The proceeds of the GameCo Subscription Receipt Offering are expected to be used towards completing the Luminosity Acquisition, for strategic growth initiatives, working capital and general corporate purposes. See “Appendix 6 – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”.

The GameCo Agent acted as sole agent for the GameCo Subscription Receipt Offering, and pursuant to the GameCo Agency Agreement, GameCo will issue up to 2,460,020 GameCo Agent’s Shares to the GameCo Agent prior to the Closing. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”.

GameCo Debenture Offering

On June 20, 2019, GameCo completed the GameCo Debenture Offering which consisted of a brokered private placement of GameCo Debentures in the aggregate principal amount of \$10,000,000. The GameCo Debentures have a maturity date of June 30, 2020, bear interest at a rate of 8.0% per annum in the event the Arrangement is not completed by the maturity date, are convertible into GameCo Shares at a conversion price of \$0.45 per share at the option of the holder on the date of satisfaction of the Escrow Release Conditions, and which will automatically convert into J55 Shares at a conversion price of \$0.45 per share upon the Arrangement Closing. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Debenture Offering”.

The net proceeds from the GameCo Offering were used by GameCo to extend a Bridge Loan to Enthusiast Gaming. All principal and unpaid interest under the Bridge Loan will be due and payable by Enthusiast Gaming to GameCo on the earlier of (i) June 20, 2020, and (ii) the date of the Arrangement Closing.

Luminosity Acquisition

Prior to completing the Amalgamation, GameCo intends to complete the Luminosity Acquisition.

See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – General Development of the Business – Luminosity” and “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”.

Name Change

In connection with the completion of the Transactions, J55 intends to change its name to “Enthusiast Gaming Holdings Inc.” and trade on the TSXV under the symbol “EGLX”. If the Amalgamation is completed but the Arrangement is not, it is expected that J55 will change its name to “Luminosity Gaming Inc.” and will trade on the TSXV under the symbol “LUMI”.

Pro Forma Consolidated Capitalization

The following table sets out the pro forma share and loan capitalization of the QT Resulting Issuer, on a consolidated basis, after giving effect to the Amalgamation, including the completion of the First Consolidation. The information is based on, and should be read in conjunction with, the pro forma consolidated financial statements of the Resulting Issuer attached as Appendix 15:

Description	Amount Authorized or to be Authorized	Pro Forma Undiluted Amount Outstanding Upon Completion of the Amalgamation
QT Resulting Issuer Shares	Unlimited	327,688,743 ⁽¹⁾⁽²⁾⁽³⁾

- (1) 10,800,000 QT Resulting Issuer Shares (on a post-First Consolidation basis) are expected to be held in escrow pursuant to the CPC Escrow Agreement following closing. This consists of the 12,000,000 J55 Shares (on a post-First Consolidation basis) held in escrow immediately prior to the QT Final Exchange Bulletin less the 10% of QT Resulting Issuer Shares released on the issue of the QT Final Exchange Bulletin pursuant to the terms of the CPC Escrow Agreement. See “Appendix 5 - Information Concerning J55 Capital Corp. – Escrowed Securities”.
- (2) As at March 31, 2019, the pro forma retained earnings (deficit) of the QT Resulting Issuer was (\$7,785,047). See “Appendix 15 – Pro Forma Financial Statements of the Resulting Issuer”.
- (3) The pro forma number of issued and outstanding shares is an estimate and assumes that: (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent’s Shares in lieu of cash as the GameCo Agent’s Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.

In addition, it is expected that, after giving effect to the Amalgamation, the QT Resulting Issuer will have an aggregate principal amount of \$10,000,000 in J55 Amalgamation Consideration Debentures outstanding.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the QT Resulting Issuer (on a post-First Consolidation basis) after giving effect to the Amalgamation:

	Number of QT Resulting Issuer Shares	Percentage
Held by existing J55 Shareholders	15,200,000	4.18%
J55 Amalgamation Consideration Shares ⁽¹⁾	312,488,743	85.89%
Resulting Issuer Shares issuable on exercise of existing J55 Options	1,368,000	0.38%
Resulting Issuer Shares issuable on exercise of existing J55 Charitable Options	152,000	0.04%
Resulting Issuer Shares issuable on exercise of existing J55 Agent’s Warrants	320,000	0.09%

	Number of QT Resulting Issuer Shares	Percentage
Resulting Issuer Shares issuable in connection with J55 Consideration Options	9,900,000	2.72%
Resulting Issuer Shares issuable in connection with J55 Amalgamation Consideration Warrants	2,181,690	0.60%
Resulting Issuer Shares issuable on conversion of the J55 Amalgamation Consideration Debentures	22,222,222	6.11%
Fully-Diluted Total	363,832,655	100.0%

- (1) The number of J55 Amalgamation Consideration Shares to be issued is an estimate and assumes that: (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent's Shares in lieu of cash as the GameCo Agent's Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.

Funds Available

The following section sets out the funds available and the principal purposes for which the funds will be used in the event that that Amalgamation is completed but the Arrangement is not. The following table sets out information respecting the QT Resulting Issuer's sources of funds and intended uses of such funds upon completion of the Amalgamation:

Sources	Amount (\$)
J55 unaudited working capital as at June 30, 2019	1,022,394
GameCo unaudited working capital as at June 30, 2019	27,600,000
Luminosity unaudited working capital as at June 30, 2019	(1,300,000)
Total	27,322,394

The amounts shown in the table above are estimates only and are based upon the information available to J55, GameCo and Luminosity as of the date hereof. The intended uses of such funds and/or the QT Resulting Issuer's development capital needs may vary based upon a number of factors.

Principal Purposes

The following table sets out the principal purposes, using approximate amounts, for which the QT Resulting Issuer currently intends to use its available funds on completion of the Amalgamation. The amounts shown in the table are estimates only and are based on the information available to J55, GameCo and Luminosity as of the date hereof. For additional information with respect to the expected use of funds, see "Appendix 1 – Information Concerning the Amalgamation – Business Objectives and Milestones – Stated Business Objectives".

Use of Funds	Amount (\$)
Balance of Amalgamation costs	370,000 ⁽¹⁾
General and administrative expenses	780,000 ⁽²⁾
Sales and marketing expenses	1,330,000 ⁽³⁾

Use of Funds	Amount (\$)
Strategic acquisitions	4,000,000
Team expansions and acquisitions	600,000
Amounts due on closing of the Luminosity SPA	3,500,000
Unallocated funds	16,742,394 ⁽⁴⁾
Total	27,322,394

⁽¹⁾ Includes legal fees of \$300,000; TSXV and transfer agent fees of \$50,000; and expenses related to the J55 Meeting of \$20,000.

⁽²⁾ The estimate of general and administrative expenses includes: salaries and benefits of \$1,440,000; occupancy costs of \$130,000; office expenses and supplies of \$50,000; legal, tax, audit and professional fees of \$780,000; investor relations fees of \$360,000; and other expenses of \$150,000. Also included are milestone bonuses payable to certain officers of GameCo of \$125,000 upon completion of the Amalgamation.

⁽³⁾ The estimate of sales and marketing expenses includes salaries and benefits of \$620,000; brand related marketing initiatives of \$675,000; and trade related sales and marketing, including travel, of \$655,000.

⁽⁴⁾ Unallocated funds will be added to the working capital of the Resulting Issuer.

There may be circumstances where, for sound business reasons, the QT Resulting Issuer reallocates the funds. The QT Resulting Issuer may require additional funds in order to fulfill all of the QT Resulting Issuer's expenditure requirements and to meet its objectives, in which case the QT Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the QT Resulting Issuer will be available if required.

Business Objectives and Milestones

Business Objectives

In the event that the Amalgamation is completed, but the Arrangement is not, the QT Resulting Issuer will continue the business of GameCo, operating an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise. See "Appendix 4 - Information Concerning Aquilini GameCo Inc. - Narrative Description of Business".

J55 and GameCo intend that the QT Resulting Issuer will use its financial resources for the following business objectives:

- Phase 1 CRM Plan:** GameCo intends to develop a robust, market-ready plan to launch Luminosity's Customer Relationship Management ("CRM") program, with a focus on maximizing sponsorship revenue through the development of the industries richest esports database: dimensionalized, segmentable and loyal, engaged, and entrenched. In addition, this plan will provide a roadmap to monetizing existing fan relationships and acquiring new fan relationships, through owned, targeted and relevant interactions;
- Phase 2 CRM Plan:** Ongoing CRM database development work;
- Freelance content/communications support:** GameCo intends to hire employees to provide cost efficient freelance support, to review owned social/digital presence, compare against competitive landscape, and provide ongoing strategic guidance and recommendations;
- Initial staffing:** GameCo intends to hire a Marketing and Partnership Manager, Social Media Manager, Videographer, General Manager (Operations), Creative Director, Graphic Designer, and other hires focused on the areas of content, sales and marketing, as needed;

5. **Strategic Acquisitions:** GameCo intends to identify and acquire or invest in complementary businesses or assets which would support the growth of the position as an esports and gaming media enterprise for esports teams, players, streamers, audiences and enthusiasts; and
6. **Esports team expansions:** GameCo intends to expand the Luminosity brand by acquiring or assembling new teams, or enhancing existing teams with additional top tier talent.

The QT Resulting Issuer may, for sound business reasons and at the discretion of the board of directors of the QT Resulting Issuer, change its objectives from what is stated in this Circular.

There is no assurance that the QT Resulting Issuer will be successful in meeting the objectives described above. See the section titled “*Risk Factors*” of the Circular for information relating to the risks associated with the business of the QT Resulting Issuer.

Milestones

In order to accomplish the business objectives stated above, the QT Resulting Issuer intends to spend the funds available to it on the completion of the Amalgamation to reach the following milestones in the next twelve months:

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
0 to 3 months	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000
	Phase 1 CRM Plan	Development of an ideal state CRM plan with technological infrastructure mapping	\$60,000
	Initial staffing of key hires	- Hiring of Marketing and Partnership Manager - Hiring of Social Media Manager - Hiring of Videographer - Hiring of General Manager (Operations) - Hiring of Creative Director - Hiring of Graphic Designer	\$195,000 (quarterly cost)
3 to 6 months	Phase 2 CRM Plan	Deployment of the CRM	\$75,000 (with additional \$20,000 monthly operational costs thereafter)
	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)
6 to 9 months	Acquire complementary esports or gaming assets or	Identify and acquire or invest in complementary businesses or assets which	\$4,000,000

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
	business	would support the growth of the position as an esports and gaming media enterprise for esports teams, players, streamers, audiences and enthusiasts	
	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)
9 to 12 months	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)

Non-Arm's Length Qualifying Transaction

The J55 Shares are listed on the TSXV and J55 is a reporting issuer in Ontario, Alberta and British Columbia and J55 is therefore subject to the requirements under MI 61-101 and the TSXV Policies. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of minority securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties and independent valuations. Pursuant to TSXV Policies, Majority of the Minority Shareholder Approval is required in connection with any Non-Arm's Length Qualifying Transaction.

J55 has certain directors, officers and significant shareholders in common with GameCo. The Amalgamation Transaction will be a Non-Arm's Length Qualifying Transaction as defined in TSXV Policy 2.4 and a Related Party Transaction as defined in MI 61-101. Adrian Montgomery, a resident of Ontario, is the CEO, a director and significant shareholder of both J55 and GameCo. Francesco Aquilini, a resident of British Columbia, is a director and significant shareholder of both J55 and GameCo. Roberto Aquilini, a resident of British Columbia, is a significant shareholder of both J55 and GameCo. In determining the J55 Disinterested Shareholders eligible to vote on approval of the Amalgamation, the J55 Shares held by any interested parties will be excluded in accordance with MI 61-101. It is expected that the following J55 Shareholders who collectively hold approximately 63% of the currently issued and outstanding J55 Shares will be excluded from the voting on the disinterested shareholder approval of the Amalgamation: Francesco Aquilini – 4,001,000 J55 Shares (21.1%); Adrian Montgomery - 3,999,500 J55 Shares (21.1%); and Roberto Aquilini – 3,999,500 J55 Shares (21.1%).

To the knowledge of the directors and officers of J55, after reasonable inquiry, no votes attached to the J55 Shares other than those owned directly or indirectly by Francesco Aquilini, Roberto Aquilini and Adrian Montgomery will be excluded in determining whether the J55 QT Resolution is approved by the J55 Disinterested Shareholders.

Majority of the Minority Shareholder Approval

Pursuant to TSXV Policy 2.4, the Qualifying Transaction requires Majority of the Minority Shareholder Approval. Accordingly, the votes cast on the J55 QT Resolution will also be tabulated to determine if the Majority of the Minority Shareholder Approval is obtained, and for such tabulation, in addition to the shares of the interested J55 Shareholders being excluded, the following J55 Shares held by the Disinterested J55 Shareholders who are directors and officers of J55 will also be excluded: (i) 2,705,000 J55 Shares held by John Veltheer and Associates of John Veltheer representing approximately 14% of the total issued and outstanding J55 Shares, and (ii) 455,000 J55 Shares held by Alexander Helmelt and Associates of Alexander Helmelt representing approximately 2% of the total issued and outstanding J55 Shares.

Canadian Securities Law Considerations

The distribution of the J55 Amalgamation Consideration Shares pursuant to the Amalgamation Agreement will constitute a distribution of securities which is exempt from the prospectus requirements of Applicable Securities Laws. The J55 Amalgamation Consideration Shares may be resold in each of the provinces of Canada provided the trade is not a “control distribution” as defined in National Instrument 45-102 — *Resale of Securities* of the Canadian Securities Administrators; no unusual effort is made to prepare the market or create a demand for those securities; no extraordinary commission or consideration is paid in respect of that sale; and, if the selling security holder is an Insider of the Resulting Issuer, the Insider has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.

APPENDIX 2

INFORMATION CONCERNING THE ARRANGEMENT

Introduction

Pursuant to the Arrangement Agreement, J55 has agreed to acquire Enthusiast Gaming, such that the business of Enthusiast Gaming will become the business of J55. In connection with the foregoing J55 will issue J55 Arrangement Consideration Shares and J55 Arrangement Consideration Options to the Enthusiast Shareholders and holders of Enthusiast Options, respectively. Following the Arrangement Closing, the former Enthusiast Shareholders will own approximately 37.86% of the outstanding Resulting Issuer Shares, the term of the QT Directors will expire, and the Arrangement Directors, including additional nominees of Enthusiast Gaming, will be elected as directors of the Resulting Issuer, all as more particularly described in this Circular. See *"Appendix 6 – Information Concerning the Resulting Issuer"*.

Approval of the J55 Arrangement Resolution and the Enthusiast Arrangement Resolution by the J55 Shareholders and the Enthusiast Shareholders, respectively, is a condition to the closing of the Arrangement. See *"Particulars of Matters to be Acted Upon at the J55 Meeting"* and *"Particulars of Matters to be Acted Upon at the Enthusiast Meeting"*.

Completion of the Arrangement is subject to the satisfaction of certain other closing conditions as more particularly described below and set out in the Arrangement Agreement, a copy of which is attached hereto as Appendix 17.

Background to the Arrangement

In early April 2019, representatives of Enthusiast Gaming were approached by representatives of GameCo and J55 about the possibility of a transaction among Enthusiast Gaming, GameCo and J55 in which J55 would acquire all of the issued and outstanding shares of Enthusiast Gaming. On April 8, 2019, Mr. Menashe Kestenbaum, the CEO and a director of Enthusiast Gaming, and Mr. Alan Friedman, a director of Enthusiast Gaming, met with representatives of GameCo and J55 about a possible transaction and its potential terms.

On April 12, 2019, representatives of GameCo and J55 contacted Mr. Kestenbaum, to again discuss a potential transaction among Enthusiast Gaming, GameCo and J55. The parties determined they had a common interest in a potential transaction and executed a mutual non-disclosure agreement.

On April 13, 2019, representatives of GameCo and J55 sent Mr. Kestenbaum a letter outlining a non-binding indicative proposal with respect to a business combination among Enthusiast Gaming, GameCo and J55. Soon thereafter, Enthusiast Gaming retained legal counsel who subsequently provided members of the Enthusiast Board with advice regarding its duties in connection with the non-binding expression of interest and other proposals regarding change of control transactions. The Enthusiast Board responded to the GameCo and J55 proposal advising that it was considering the proposal and that it required additional time in order to review the proposal with its legal and financial advisors. Discussions subsequently took place between the respective legal counsels of Enthusiast Gaming, GameCo and J55, as well as among management of Enthusiast Gaming, J55 and GameCo with respect to the terms of the proposal and the execution of confidentiality and exclusivity agreements.

On April 15, 2019, legal counsel for each of Enthusiast Gaming, GameCo and J55 discussed the terms of a potential business combination among Enthusiast Gaming, GameCo and J55 including matters related to corporate and tax structuring and the proposed acquisition of Luminosity by GameCo and the proposed Amalgamation among J55, GameCo and Newco.

On April 23, 2019, representatives of Enthusiast Gaming, J55 and GameCo along with members of each management team, met at the offices of Canaccord Genuity Corp. to discuss structuring, due diligence and timing matters relating to a proposed business combination among Enthusiast Gaming, GameCo and J55.

On April 24, 2019, the Enthusiast Board met to approve entering into an exclusivity agreement with each of GameCo and J55. Soon thereafter, Enthusiast Gaming, GameCo and J55 executed a letter of intent (the “**Arrangement LOI**”) which included an exclusivity clause in favour of GameCo and J55. Subsequently, each party granted each other access to their respective data rooms.

During the week of April 29, 2019, the parties commenced due diligence on one another and instructed their respective legal counsel to prepare transaction documentation.

On April 30, 2019, the parties met to discuss potential financing arrangements related to GameCo and Enthusiast Gaming after which it was agreed that GameCo would conduct the GameCo Debenture Offering with the resulting net proceeds to be provided to Enthusiast Gaming as the Bridge Loan.

On May 1, 2019, pursuant to the terms and conditions of an engagement letter, Enthusiast Gaming retained Haywood as its financial advisor, to consider the Arrangement and to provide an opinion as to the fairness, from a financial point of view, of the consideration to be received by Enthusiast Shareholders pursuant to any potential transaction that might be proposed to Enthusiast Gaming (including the Arrangement).

During the week of May 6, 2019, Enthusiast Gaming provided GameCo and J55 with drafts of the principal transaction documents. During the period from May 6 until May 16, 2019, the boards, management and advisors of the parties negotiated the principal transaction documents. Further discussions between Enthusiast Gaming, GameCo and J55 representatives were held over the following days. On May 16, 2019, the parties executed an amendment to the Arrangement LOI in connection with an extension to the exclusivity clause in favour of GameCo and J55.

From May 16 to May 29, 2019, the parties continued to negotiate and settle the principal transaction documents. The parties also completed an investor deck and a press release announcing the Arrangement during this time.

Subsequently on May 29, 2019, the Enthusiast Board met and reviewed with its legal counsel the terms of the Arrangement Agreement. The Enthusiast Board also met with Haywood to receive its opinion regarding the fairness, from a financial point of view, of the consideration to be received by Enthusiast Shareholders pursuant to the Arrangement. During the meeting, Haywood provided its financial analysis regarding the Arrangement and delivered a financial presentation including an oral opinion, later confirmed in writing, that the consideration to be paid by J55 to the Enthusiast Shareholders pursuant to the Arrangement was fair, from a financial point of view, to such Enthusiast Shareholders.

After careful consideration, including a thorough review of the Arrangement Agreement, the financial presentation and oral opinion delivered by Haywood and the factors set out below under the heading “*Reasons for the Arrangement*”, the Enthusiast Board unanimously: (i) resolved to accept the Fairness Opinion; (ii) determined that the consideration per Enthusiast Share to be received by the Enthusiast Shareholders pursuant to the Arrangement is fair and that the Arrangement is in the best interests of Enthusiast Gaming; and (iii) resolved to approve the Arrangement Agreement and to recommend that Enthusiast Shareholders vote in favour of the Arrangement.

On the morning of May 30, 2019, the respective boards of J55 and GameCo approved the entering into of

the Arrangement Agreement and related agreements and later that day, Enthusiast Gaming, GameCo and J55 finalized and executed the Arrangement Agreement. A press release announcing the Arrangement, the entering into of the Bridge Loan and the GameCo Debenture Offering was subsequently disseminated once it had been approved for dissemination by the TSXV.

Reasons for the Arrangement

Reasons for the Recommendation of the J55 Board

In the course of its evaluation of the Arrangement, the J55 Board consulted with its management and legal counsel and reviewed an extensive amount of information. It is the opinion of the J55 Board that the Arrangement will enable J55 Shareholders to participate in the potential upside associated with Enthusiast Gaming's business plan while giving Enthusiast Gaming access to J55's existing capital and providing both companies with the advantages of their combined management expertise and global audience through the creation of one of the largest esports organizations in North America

The conclusions and recommendations of the J55 Board with respect to the Arrangement were based on various factors, including:

- (a) Strategic Review. The Arrangement is the result of a robust strategic review process carried out by J55. The J55 Board considered that the Arrangement will create the leading publicly-traded esports and gaming organization in North America with \$14.8 million in *pro forma* revenue (for the year ended December 31, 2018), an estimated \$44.9 million in cash (as at March 31, 2019), and a global audience reach of approximately 200 million on Closing.
- (b) Terms of the Arrangement Agreement. The terms and conditions of the Arrangement are, in the judgment of the J55 Board following consultation with J55's legal advisors and management team, reasonable and were the result of negotiations among J55, GameCo and Enthusiast Gaming and their respective advisors.
- (c) Review of Alternatives. The Arrangement Agreement is the result of a strategic review process by the J55 Board which involved consideration of strategic alternatives available to J55.
- (d) Arm's Length Negotiations. The Arrangement is the result of arm's-length negotiations among J55, GameCo and Enthusiast Gaming. The J55 Board took an active role in overseeing and providing guidance and instructions to management and J55's advisors in respect of the strategic review process and negotiations concerning the Arrangement.
- (e) Shareholder Approval Required. The Arrangement must be approved by at least a majority of the votes cast at the J55 Meeting by the J55 Shareholders present in person or represented by proxy at the J55 Meeting. See "*Particulars of Matters to be Acted Upon at the J55 Meeting*".
- (f) J55 Arrangement Support Agreements. All of the directors, officers and Insiders of J55 who, in the aggregate, beneficially own or exercise control or direction over approximately 79% of the outstanding J55 Shares, have entered into J55 Arrangement Support Agreements.
- (g) Shareholders Will Participate in the Business of the Resulting Issuer. Following completion of the Arrangement, J55 Shareholders will participate in the business of the

Resulting Issuer, which will be the combined business of Enthusiast Gaming and GameCo. In assessing the potential business of the Resulting Issuer as compared with the business of GameCo alone, the J55 Board considered, among other things, the following factors: (i) current economic and financial market conditions; (ii) the financial condition, business and operations, on both a historical and prospective basis, of Enthusiast Gaming, GameCo and J55; (iii) the future prospects of the business of each of Enthusiast Gaming, GameCo and J55; (iv) the fact that the number of outstanding shares of the Resulting Issuer will exceed the number of outstanding J55 Shares which may provide shareholders with potentially greater liquidity (v) the potential synergies that may be achieved through a combination of Enthusiast Gaming, GameCo and J55; and (vi) the complementary nature and shared values of the management and technical teams of each of Enthusiast Gaming, GameCo and J55.

- (h) Dilution. J55 Shareholders will be subject to dilution of their interest in J55 upon Enthusiast Shareholders becoming shareholders of the Resulting Issuer.
- (i) Risk Factors Relating to the Arrangement. The risk factors relating to the Arrangement, including the conditions to the obligation of Enthusiast Gaming to complete the Arrangement and the right of Enthusiast Gaming to terminate the Arrangement Agreement under certain limited circumstances. See *"Appendix 2 – Information Concerning the Arrangement – The Arrangement Agreement - Termination"*.
- (j) Risks to J55 of Non-Completion. There are risks to J55 if the Arrangement is not completed, including the costs incurred in proceeding towards completion of the Arrangement and the diversion of management's attention away from the conduct of J55 and GameCo's respective businesses in the ordinary course and the potential impact on J55 and GameCo's current respective business relationships.
- (k) Risk Factors Relating to the Resulting Issuer. The risk factors relating to the Resulting Issuer are described under the heading *"Risk Factors"* in this Circular. The J55 Board's recommendations are based upon the totality of the information presented and considered by it.

The J55 Board also considered the potential benefits of the Arrangement, including:

- (a) J55 Shareholders will have the opportunity to participate in the business of Enthusiast Gaming;
- (b) leveraging the combined goodwill and marketability of GameCo and Enthusiast Gaming in the emerging esports industry;
- (c) becoming one of the largest participants in the esports industry to be listed on a public stock exchange in Canada;
- (d) the Resulting Issuer will have a management team capable of implementing the business strategy of the Resulting Issuer;
- (e) greater access to sufficient capital to advance the Resulting Issuer's business and;
- (f) enhanced liquidity for the current shareholders of J55 as the Resulting Issuer, after giving effect to the Arrangement, will have a larger market capitalization.

The foregoing summary of the factors considered by the J55 Board is not intended to be exhaustive of all of the factors that were considered in arriving at a conclusion and making the recommendations described herein. The J55 Board used its own knowledge of the business, financial condition and prospects of J55, and the advice of management and its advisors, in its evaluation of the Arrangement. Given the numerous factors that were considered in connection with evaluating the Arrangement, it is not practical to quantify or assign a relevant weight to specific facts relied upon by the J55 Board in reaching its conclusions and recommendations. In addition, individual directors may have given different weight to different factors. The conclusions and recommendations were arrived at after giving consideration to the totality of the information and factors involved.

Reasons for the Recommendation of the Enthusiast Board

In making its recommendation that the execution, delivery and performance of the Arrangement Agreement is in the best interests of Enthusiast Gaming, that the Arrangement is fair to the Enthusiast Shareholders and to recommend that the Enthusiast Shareholders vote in favour of the Arrangement Resolution, the Enthusiast Board considered and relied upon a number of substantive factors, procedural safeguards, and risks and uncertainties, including the following:

- (a) Strategic Review. The Arrangement is the result of a robust strategic review process carried out by Enthusiast Gaming. The Enthusiast Board considered that the Arrangement will create the leading publicly-traded esports and gaming organization in North America with \$14.8 million in *pro forma* revenue (for the year ended December 31, 2018), an estimated \$44.9 million in cash (as at March 31, 2019), and a global audience reach of approximately 200 million on Closing.
- (b) Exchange Ratio. Enthusiast Shareholders will receive 4.22 (post-First Consolidation) J55 Shares for each Enthusiast Share.
- (c) Treatment of Holders of Enthusiast Options and Enthusiast Warrants. In connection with the Arrangement, all Enthusiast Options outstanding immediately prior to the Effective Date (whether vested or unvested) will be exchanged for J55 Arrangement Consideration Options which will thereafter entitle the holders to acquire J55 Shares (rounded down to the nearest whole number) in lieu of Enthusiast Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio. Additionally, to the extent Enthusiast Warrants are not exercised prior to the Arrangement Effective Time, upon the exercise of such rights, holders of Enthusiast Warrants will be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Enthusiast Shares to which such holder was theretofore entitled upon exercise of such Enthusiast Warrants, the aggregate number of J55 Shares that such holder would have been entitled to be issued and receive (rounded down to the nearest whole number) if, immediately prior to the Arrangement Effective Time, such holder had been the registered holder of the number of Enthusiast Shares to which such holder was theretofore entitled upon exercise of such Enthusiast Warrants.
- (d) Fairness Opinion. Haywood has provided an opinion that, as of May 30, 2019, and subject to the scope of review, assumptions, limitations and qualifications set forth in the opinion, the consideration to be received by Enthusiast Shareholders pursuant to the Arrangement Agreement was fair, from a financial point of view, to the Enthusiast Shareholders. In connection with rendering its opinion, Haywood provided the Enthusiast Board with a detailed presentation to assist them in understanding the basis for the Fairness Opinion.

- (e) Dissent Rights. Registered Enthusiast Shareholders will have the ability to exercise Dissent Rights and to receive fair value for their Enthusiast Shares.
- (f) Terms of the Arrangement Agreement. The terms and conditions of the Arrangement are, in the judgment of the Enthusiast Board following consultation with Enthusiast Gaming's legal advisors and the Financial Advisor, reasonable and were the result of negotiations among Enthusiast Gaming, GameCo and J55 and their respective advisors.
- (g) Arm's Length Negotiations. The Arrangement is the result of arm's-length negotiations among Enthusiast Gaming, GameCo and J55. The Enthusiast Board took an active role in overseeing and providing guidance and instructions to management and Enthusiast Gaming's advisors in respect of the strategic review process and negotiations concerning the Arrangement.
- (h) Ability to Accept a Superior Proposal. The Arrangement Agreement provides that, notwithstanding the non-solicitation covenants contained in the Arrangement Agreement, if the Enthusiast Board receives an unsolicited Acquisition Proposal that did not result from a breach of Enthusiast Gaming's non-solicitation covenants and that the Enthusiast Board determines in good faith after consultation with its financial advisors and outside legal counsel is or could reasonably be expected to lead to a Superior Proposal, Enthusiast Gaming may enter into discussions or negotiations or otherwise assist the person making such Acquisition Proposal, provided the requirements of the Arrangement Agreement are met, and the Enthusiast Board retains the ability to consider and respond to the Superior Proposal prior to the Meeting on the specific terms and conditions set forth in the Arrangement Agreement, including the payment of the Termination Fee by Enthusiast Gaming to J55, if a Superior Proposal is accepted.
- (i) Shareholder Approval Required. The Arrangement must be approved by at least two-thirds of the votes cast at the Enthusiast Meeting by the Enthusiast Shareholders present in person or represented by proxy at the Enthusiast Meeting. See "*Particulars of Matters to be Acted Upon at the Enthusiast Meeting*".
- (j) Enthusiast Support Agreements. All of the directors and officers of Enthusiast Gaming who, in the aggregate, beneficially own or exercise control or direction over 13% of the outstanding Enthusiast Shares, have entered into Enthusiast Support Agreements.
- (k) Shareholders Will Participate in the Business of the Resulting Issuer. Following completion of the Arrangement, Enthusiast Shareholders will hold shares of the Resulting Issuer and will participate in any future increases in value of the shares of the Resulting Issuer. In assessing an investment in the Resulting Issuer as compared with an investment in Enthusiast Gaming, the Enthusiast Board considered, among other things, the following factors: (i) current economic and financial market conditions; (ii) the financial condition, business and operations, on both a historical and prospective basis, of Enthusiast Gaming, GameCo and J55; (iii) the future prospects of the business of each of Enthusiast Gaming, GameCo and J55; (iv) the fact that the number of outstanding shares of the Resulting Issuer will exceed the number of outstanding Enthusiast Shares which may provide shareholders with potentially greater liquidity (v) the potential synergies that may be achieved through a combination of Enthusiast Gaming, GameCo and J55; and (vi) the complementary nature and shared values of the management and technical teams of each of Enthusiast Gaming, GameCo and J55.

- (l) Financial, Legal and Other Advice. Extensive financial, legal and other advice was provided to the Enthusiast Board. This advice included detailed financial advice from a highly qualified and experienced financial advisor as to the potential value that might have resulted from other strategic alternatives reasonably available to Enthusiast Gaming, including remaining a publicly traded company and continuing to pursue the Company's strategic plan on a stand-alone basis and the potential divestiture of assets or business divisions compared to the value offered under the Arrangement.
- (m) Determination of Fairness by the Court. Completion of the Arrangement is conditional upon receipt of the Final Order. The Court will consider, among other things, the fairness of the Arrangement to the Enthusiast Shareholders.
- (n) Risk Factors Relating to the Arrangement. The risk factors relating to the Arrangement, including the conditions to the obligation of J55 to complete the Arrangement and the right of J55 to terminate the Arrangement Agreement under certain limited circumstances. See "*Appendix 2 – Information Concerning the Arrangement – The Arrangement Agreement – Termination*".
- (o) Risks to Enthusiast Gaming of Non-Completion. There are risks to Enthusiast Gaming if the Arrangement is not completed, including the costs incurred in proceeding towards completion of the Arrangement and the diversion of management's attention away from the conduct of Enthusiast Gaming's business in the ordinary course and the potential impact on Enthusiast Gaming's current business relationships.
- (p) Dilution. Enthusiast Shareholders will be subject to dilution of their interest in the Enthusiast Gaming business upon becoming shareholders of the Resulting Issuer.
- (q) Risk Factors Relating to the Resulting Issuer. The risk factors relating to the Resulting Issuer are described under the heading "*Risk Factors*" in this Circular. The Enthusiast Board's recommendations are based upon the totality of the information presented and considered by it.

The foregoing summary of the information and factors considered by the Enthusiast Board is not intended to be exhaustive but includes a summary of the material information and factors considered by the Enthusiast Board in its consideration of the Arrangement. In view of the variety of factors and the amount of information considered in connection with the Enthusiast Board's evaluation of the Arrangement, the Enthusiast Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its recommendations. The recommendations of the Enthusiast Board were made after consideration of the factors noted above, other factors and in light of the Enthusiast Board's knowledge of the business, financial condition and prospects of Enthusiast Gaming and taking into account the advice of Enthusiast Gaming's legal advisors and the advice of the Financial Advisor. Individual members of the Enthusiast Board may have assigned different weights to different factors.

Arrangement Transaction

The principal features of the Arrangement may be summarized as set forth below and are qualified in their entirety by reference to the full text of the Arrangement Agreement set forth at Appendix 17 to this Circular. For further details regarding Enthusiast Gaming, please refer to Appendix 5 to this Circular. For further details regarding J55, please refer to Appendix 3 to this Circular. For further details regarding GameCo, please refer to Appendix 4 to this Circular. For further details concerning the Resulting Issuer, please refer to Appendix 6 to this Circular.

On the Arrangement Effective Date, the following matters are anticipated to be effected in connection with the Arrangement:

- (a) Enthusiast Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred by such Dissenting Shareholders to J55;
- (b) the Articles of Arrangement will be filed pursuant to which: (i) the Arrangement shall be effected as a result of which Enthusiast Gaming shall continue as a wholly-owned subsidiary of J55; and (ii) all Enthusiast Shares, other than Enthusiast Shares held by Dissenting Shareholders, will be exchanged by the holders thereof, without any further act or formality for fully paid and non-assessable J55 Shares based on the Exchange Ratio, in accordance with the terms of the Plan of Arrangement and the provisions of the Arrangement Agreement, all resulting in the issuance of an aggregate of 215,194,156 post-First Consolidation J55 Shares (assuming an aggregate of 50,993,876 Enthusiast Shares issued and outstanding immediately prior to the Arrangement Effective Date); and
- (c) all Enthusiast Options outstanding immediately prior to the Arrangement Effective Date shall be exchanged for J55 Arrangement Consideration Options under the Existing J55 Plan which will thereafter entitle the holders to acquire J55 Shares in lieu of Enthusiast Shares subject to adjustment in number and exercise price based on the Exchange Ratio, without entailing any other amendment to their terms, other than as set forth below.

Notwithstanding the foregoing, each Enthusiast Option outstanding at the Arrangement Effective Time (whether vested or unvested) will be exchanged for a J55 Arrangement Consideration Option to acquire such number of J55 Shares as is equal to: (A) that number of Enthusiast Shares that were issuable upon exercise of such Enthusiast Option immediately prior to the Arrangement Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of J55 Shares, at an exercise price per J55 Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Enthusiast Share at which such Enthusiast Option was exercisable immediately prior to the Arrangement Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a J55 Arrangement Consideration Option, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Enthusiast Option for which it was exchanged, and any certificate or option agreement previously evidencing the Enthusiast Option will thereafter evidence and be deemed to evidence such J55 Arrangement Consideration Option.

In accordance with the terms of the applicable warrant certificate and/or agreement governing the applicable Enthusiast Warrants, each holder of an Enthusiast Warrant shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Enthusiast Warrant, in lieu of Enthusiast Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of J55 Shares, which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Arrangement Effective Date, such holder had been the registered holder of the number of Enthusiast Shares to which such holder would have been entitled if such holder had exercised such holder's Enthusiast Warrants immediately prior to the Arrangement Effective Time. Each Enthusiast Warrant shall continue to be governed by and be subject to the terms of the applicable Enthusiast Warrant certificate and/or agreement, subject to any supplemental exercise documents issued by J55 to holders of Enthusiast Warrants to facilitate the exercise of the Enthusiast Warrants and the payment of the corresponding portion of the exercise price. Upon any valid exercise of an Enthusiast Warrant after the Arrangement Effective Time, Enthusiast Gaming will: (i) deliver or cause to be delivered, the J55 Shares needed to settle

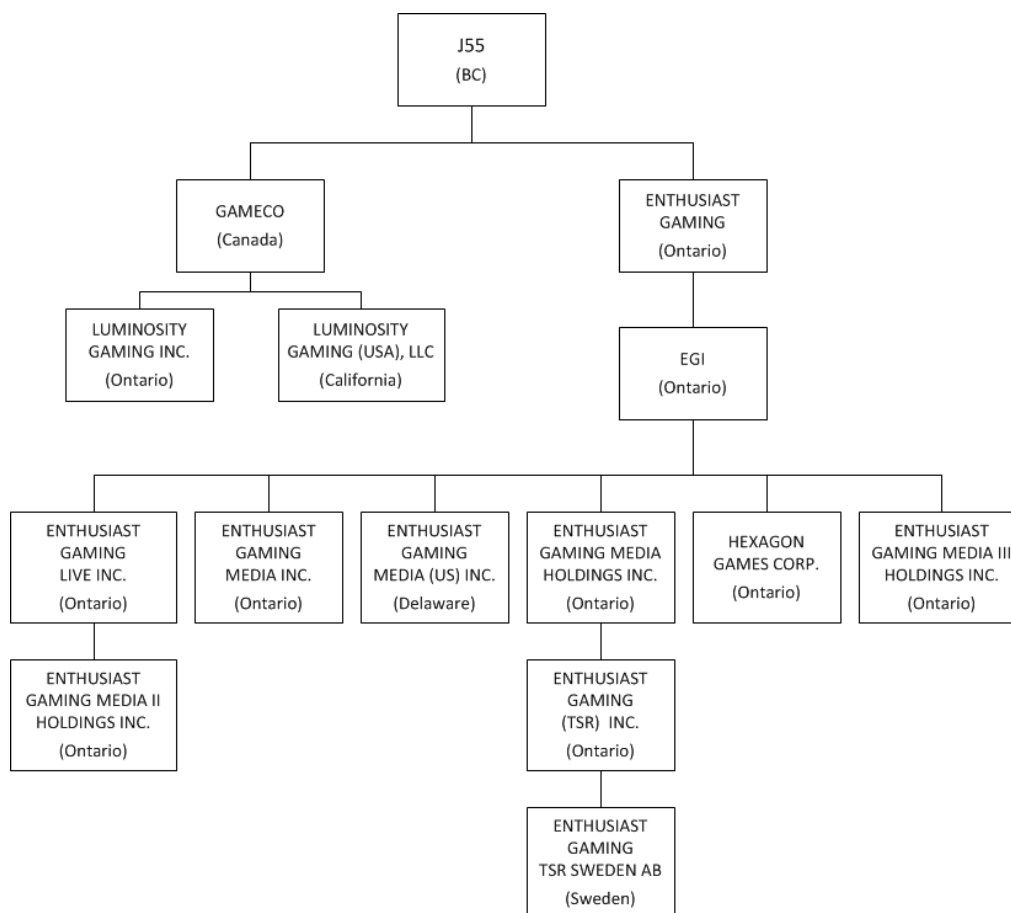
such exercise, and (ii) cause J55 shall to issue the necessary number of J55 Shares necessary to settle such exercise.

In accordance with the terms of the applicable certificate and/or agreement governing the applicable Enthusiast Debentures, each Enthusiast Debenture shall continue to be governed by and be subject to the terms of the applicable Enthusiast Debenture certificate and/or agreement such that upon any valid conversion and/or redemption of an Enthusiast Debenture after the Arrangement Effective Time, Enthusiast Gaming will: (i) deliver or cause to be delivered, the J55 Shares needed to settle such conversion and/or redemption, and (ii) cause J55 to issue the necessary number of J55 Shares necessary to settle such conversion and/or redemption.

In no event will any holder of Enthusiast Shares be entitled to a fractional Consideration Share. Where the aggregate number of Consideration Shares to be issued to a person under or as a result of the Arrangement would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be received by such securityholder will be rounded down to the nearest whole Consideration Share and no person will be entitled to any compensation in respect of a fractional Consideration Share.

The effect of the Arrangement is that: (i) Enthusiast Gaming will continue as a wholly-owned subsidiary of J55, as a result of which all of the property and assets of Enthusiast Gaming will become indirectly held by J55; and (ii) existing Enthusiast Shareholders will continue to hold an interest in the property and assets of Enthusiast Gaming through the J55 Shares which they receive pursuant to the Arrangement. The Arrangement does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either J55 or the Enthusiast Gaming on a consolidated basis.

A corporate organizational chart reflecting the proposed structure of J55 after giving effect to the above-noted matters is set forth below:



Upon completion of the Arrangement and assuming there are 327,688,743 post-First Consolidation J55 Shares and 50,993,876 Enthusiast Shares issued and outstanding immediately prior to the Arrangement Effective Time (after giving effect to the Amalgamation) and a further 13,921,690 post-First Consolidation J55 Shares and 22,725,946 Enthusiast Shares reserved for issuance upon exercise, redemption and/or conversion, as applicable, of outstanding convertible securities of each of J55 and Enthusiast Gaming, respectively (including all outstanding Enthusiast Options, Enthusiast Warrants and Enthusiast Debentures), there will be approximately 70,638,137 post-Consolidations J55 Shares outstanding and a further 13,728,146 post-Consolidations J55 Shares reserved for issue upon exercise, redemption and/or conversion, as applicable, of convertible securities of each of J55 and Enthusiast Gaming (inclusive of J55 Options, J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures), and a further 416,666 post-Consolidations J55 Shares reserved for issuance pursuant to the proposed Mandell Consulting Agreement. The following table summarizes the distribution of Resulting Issuer Shares following the completion of the Transactions and the Second Consolidation based upon the foregoing assumptions.

	Number of Resulting Issuer Shares	Percentage
Held by existing J55 Shareholders	1,900,000	2.24%
J55 Amalgamation Consideration Shares ⁽¹⁾	39,061,091	46.07%
J55 Arrangement Consideration Shares	26,899,269	31.73%
Resulting Issuer Shares issuable on exercise of existing J55 Options	171,000	0.20%

	Number of Resulting Issuer Shares	Percentage
Resulting Issuer Shares issuable on exercise of existing J55 Charitable Options	19,000	0.02%
Resulting Issuer Shares issuable on exercise of existing J55 Agent's Warrants	40,000	0.05%
Resulting Issuer Shares issuable in connection with J55 Amalgamation Consideration Options	1,237,500	1.46%
Resulting Issuer Shares issuable in connection with J55 Amalgamation Consideration Warrants	272,711	0.32%
Resulting Issuer Shares issuable in connection with the conversion of GameCo Debentures on Arrangement Closing	2,777,777	3.28%
Resulting Issuer Shares issuable in connection with proposed Mandell Consulting Agreement ⁽²⁾	416,666	0.49%
Resulting Issuer Shares issuable in connection with J55 Arrangement Consideration Options	2,397,632	2.83%
Resulting Issuer Shares issuable in connection with Enthusiast Warrants	6,445,085	7.60%
Resulting Issuer Shares issuable in connection with Enthusiast Debentures	3,145,218	3.71%
Fully-Diluted Total	84,782,949	100.0%

Notes:

- (1) The number of J55 Amalgamation Consideration Shares to be issued is an estimate and assumes that: (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent's Shares in lieu of cash as the GameCo Agent's Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.
- (2) The Mandell Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the Resulting Issuer Shares thereunder and the issue price of such shares remain subject to TSXV approval.

The Arrangement Agreement

The general description of the Arrangement Agreement which follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, which is attached to this Circular as Appendix 17.

General

Enthusiast Gaming, GameCo and J55 entered into the Arrangement Agreement on May 30, 2019.

Pursuant the Arrangement Agreement J55 has agreed to acquire all of the issued and outstanding Enthusiast Shares by way of a statutory plan of arrangement under the OBCA.

Under the terms of the Arrangement Agreement, each Enthusiast Shareholder will receive 4.22 (post-First Consolidation) J55 Shares for each Enthusiast Share held. In the Arrangement Agreement, J55 and Enthusiast Gaming provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs. The assertions embodied in those representations and warranties are solely for the purposes of the Arrangement Agreement. Certain representations and warranties may not be accurate and complete as of any specified date because they are qualified by certain disclosure provided by Enthusiast Gaming to J55 and J55 to Enthusiast Gaming or are subject to a standard of materiality or are qualified by reference to a

Material Adverse Effect. Therefore, Enthusiast Shareholders should not rely on the representations and warranties as statements of factual information.

In the Arrangement Agreement, Enthusiast Gaming, GameCo and J55 also provide covenants to one another, including among other things, on the part of Enthusiast Gaming that Enthusiast Gaming will, and will cause each of the subsidiaries of Enthusiast Gaming to, subject to the terms of the Arrangement Agreement, conduct business only in the ordinary course of business and in compliance with applicable laws, and will use commercially reasonable efforts to preserve intact its present business organization and goodwill and assets, to keep available the services of its employees as a group, and to maintain satisfactory relationships with suppliers, employees and others having business relationships with Enthusiast Gaming and the subsidiaries of Enthusiast Gaming from the date of the Arrangement Agreement to the Effective Date and will, except with the prior written consent of J55, as expressly required or permitted by the Arrangement Agreement, or as required by applicable laws or any Governmental Authority, or as contemplated in the Enthusiast Disclosure Letter, comply with specific covenants in furtherance of such covenant. J55 and Enthusiast Gaming have each agreed to use their respective commercially reasonable efforts to satisfy the conditions to the Arrangement set forth in the Arrangement Agreement, all in accordance with the terms thereof.

The Arrangement Agreement also includes certain non-solicitation provisions which restrict Enthusiast Gaming and its subsidiaries from (i) soliciting, initiating, knowingly encouraging or otherwise knowingly facilitating any inquiry, proposal or offer from any third party that would reasonably be expected to constitute an Acquisition Proposal; (ii) participating in any negotiations or discussions, furnishing any information or otherwise cooperating with any third party regarding any inquiry, proposal or offer that could constitute an Acquisition Proposal; (iii) making an Enthusiast Change in Recommendation; (iv) releasing any person from or failing to enforce the terms of any confidentiality or standstill agreement; or (v) approving or recommending any Acquisition Proposal, or publicly proposing to accept or enter into any agreement in respect of an Acquisition Proposal, subject to certain specified exceptions including in the event of a Superior Proposal all as further set forth in the Arrangement Agreement.

The full particulars of the Arrangement are contained in the Arrangement Agreement attached as Appendix 17 to this Circular.

Effective Date and Conditions

Effective Date

If the J55 Arrangement Resolution and the Enthusiast Arrangement Resolution are passed at the J55 Meeting and the Enthusiast Meeting, respectively, and all conditions disclosed under “*Appendix 2 – Information Concerning the Arrangement – The Arrangement Agreement – Effective Date and Conditions – Conditions to the Arrangement Becoming Effective*” below are met or waived in accordance with the terms of the Arrangement Agreement, it is anticipated that the Arrangement will be completed on or about the second Business Day following the date on which the conditions to completion of the Arrangement are satisfied or waived with effect as of 12:01 a.m. (Toronto time) on such date. Enthusiast Gaming, GameCo and J55 presently intend that the Arrangement Effective Date will occur in early September, 2019.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement and the other transactions contemplated by the Arrangement Agreement to be completed, certain conditions must have been satisfied (or in certain cases waived) on or before the Arrangement Effective Date including the conditions summarized below:

1. Mutual Conditions:

- (a) the Interim Order and the Final Order shall have each been obtained on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to either of Enthusiast Gaming or J55, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Enthusiast Shareholders at the Enthusiast Meeting in accordance with the Interim Order;
- (c) the J55 QT Resolution, the J55 Arrangement Resolution and a resolution of the J55 Shareholders electing directors to the J55 Board shall have been passed by the J55 Shareholders at the J55 Meeting in accordance with applicable laws;
- (d) the Articles of Arrangement to be filed with the OBCA Director in accordance with the Arrangement Agreement shall be in form and substance satisfactory to the Parties, each acting reasonably;
- (e) all regulatory approvals that are necessary or advisable to consummate the transactions contemplated by the Arrangement Agreement and the failure of which to obtain would, individually or in the aggregate, be reasonably expected to have a material adverse effect in respect of either J55 or Enthusiast Gaming, shall have been made, given or obtained on terms that are acceptable to each of Enthusiast Gaming and J55, each acting reasonably;
- (f) the J55 Shares and J55 Arrangement Consideration Options (excluding the J55 Arrangement Underlying Shares) to be issued under the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and shall not be subject to resale restrictions in the United States under the U.S. Securities Act (other than as may be prescribed by Rule 144 and Rule 145, as applicable, under the U.S. Securities Act);
- (g) the TSXV shall have conditionally approved the listing thereon of the J55 Arrangement Consideration Shares and the J55 Arrangement Underlying Shares, subject only to the customary listing conditions of the TSXV;
- (h) there has not been any breach of any of the Enthusiast Support Agreements or the J55 Arrangement Support Agreements by any party to any such agreement; and
- (i) no action, suit, proceeding, objection, opposition, order or injunction shall have been taken, entered or promulgated by any governmental entity and no law shall have been enacted, issued, promulgated, enforced, amended or applied, in each case, which prevents, prohibits or enjoins any of the Parties from consummating the Arrangement, or that would, individually or in the aggregate, be reasonably expected to have a material adverse effect in respect of J55 or Enthusiast Gaming if the Arrangement is consummated.

2. Additional Conditions Precedent to the Obligations of J55

- (a) Enthusiast Gaming shall have fulfilled or complied in all material respects with each of its covenants, other than those which have been waived by J55, contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Arrangement Effective Time;

- (b) the representations and warranties of Enthusiast Gaming set forth in the Arrangement Agreement shall be true and correct as of the date of the Arrangement Agreement and the Arrangement Effective Time (subject to certain specified exceptions);
 - (c) no material adverse effect shall have occurred in respect of Enthusiast Gaming, taken as a whole;
 - (d) J55 shall have received waiver agreements from each of Messrs. Bernofsky, Kestenbaum, and Friedman pursuant to which they each agree that the Arrangement does not constitute a "Change of Control" for purposes of their respective employment or consulting agreements with Enthusiast Gaming; and
 - (e) Enthusiast Shareholders shall not have exercised their Dissent Rights in connection with the Arrangement with respect to more than 10% of the issued and outstanding Enthusiast Shares.
3. Additional Conditions Precedent to the Obligations of Enthusiast Gaming:
- (a) J55 shall have fulfilled or complied in all material respects with each of its covenants, other than those which have been waived by Enthusiast Gaming, contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Arrangement Effective Time;
 - (b) the representations and warranties of J55 set forth in the Arrangement Agreement shall be true and correct as of the date of the Arrangement Agreement and the Arrangement Effective Time (subject to certain specified exceptions);
 - (c) the Luminosity Acquisition and the OWL Acquisition shall have been completed;
 - (d) no material adverse effect shall have occurred in respect of the J55 Group, taken as a whole; and
 - (e) subject to obtaining the Final Order and the satisfaction or waiver of other applicable conditions precedent, J55 shall have issued to the J55 Transfer Agent an irrevocable direction for the issuance of the J55 Shares required to be issued in the name of TSX Trust Company as depositary pursuant to the Arrangement.

Enthusiast Gaming Covenant Regarding Non-Solicitation

Except as expressly provided in the Arrangement Agreement, Enthusiast Gaming has agreed that it will not, through any representative or otherwise, and will not authorize or permit any of its subsidiaries or representatives, directly or indirectly, to:

- 1. make, solicit, assist, initiate, promote, encourage or otherwise facilitate (including by way of furnishing information, permitting any visit to any facilities or properties of Enthusiast Gaming or its subsidiaries, or entering into any form of written or oral agreement, arrangement or understanding) any inquiry, proposal or offer regarding, constituting or that would reasonably be expected to lead to an Acquisition Proposal;

2. participate in any negotiations or discussions with any Person (other than J55 or any Person acting jointly or in concert with J55) regarding, or furnish to any Person any information in connection with or otherwise cooperate with, assist or participate in, any effort or attempt to make an Acquisition Proposal or any inquiry, proposal or offer that could constitute or may be reasonably expected to lead to an Acquisition Proposal;
3. make, or propose publicly to make an Enthusiast Change in Recommendation or enter into any written agreement in respect of an Enthusiast Change in Recommendation other than a confidentiality and standstill agreement entered into in accordance with the Arrangement Agreement;
4. release any person from, terminate, waiver, amend or modify any provision of or otherwise fail to enforce the terms of any confidentiality or standstill agreement to which Enthusiast Gaming or its subsidiaries is a party; or
5. accept, approve, endorse or recommend any Acquisition Proposal or enter into, or take no position or remain neutral with respect to any publicly announced Acquisition Proposal.

The Arrangement Agreement requires Enthusiast Gaming to, and to cause its representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other process conducted prior to the date of the Arrangement Agreement with any Person with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith Enthusiast Gaming has agreed that they will:

1. discontinue access to any other third party to any data rooms made available by and under control of Enthusiast Gaming; and
2. within two Business Days, request the return or destruction of all information provided to any third parties under any confidentiality agreements with Enthusiast Gaming or its subsidiaries and shall use commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of such confidentiality agreements.

Notification of an Acquisition Proposal

Enthusiast Gaming has agreed that they will promptly notify J55, at first orally, and then within 48 hours, in writing, of any inquiry, proposal, offer or request relating to or constituting an Acquisition Proposal, or which may reasonably be expected to lead to an Acquisition Proposal, or any request for non-public information relating to Enthusiast Gaming or any of its subsidiaries. Such notice will include (i) a description of the material terms and conditions of any Acquisition Proposal, inquiry, proposal, offer or request, and (ii) the identity of all Persons making any such Acquisition Proposal, inquiry, proposal, offer or request. Enthusiast Gaming has agreed that they will promptly keep J55 fully informed of the status, including any changes to the material terms, of such Acquisition Proposal, inquiry, proposal, offer or request, or any amendment to the foregoing, and will promptly respond to all inquiries by J55 with respect thereto.

Responding to an Acquisition Proposal

Notwithstanding any other provision of the Arrangement Agreement, if at any time prior to the Meeting, Enthusiast Gaming receives an unsolicited *bona fide* written Acquisition Proposal, it may engage in or

participate in discussions or negotiations with such Person regarding the Acquisition Proposal and, if and only if:

1. the Enthusiast Board first determines in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal;
2. Enthusiast Gaming has been, and continues to be in compliance with its obligations under its non-solicitation covenants in all material respects;
3. Enthusiast Gaming enters into a confidentiality and standstill agreement with such Person on customary terms and otherwise with provisions that are no less favourable in the aggregate to Enthusiast Gaming provided that (i) such confidentiality and standstill agreement may allow such Person to make an Acquisition Proposal confidentially to the Enthusiast Board that constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal; and (ii) such confidentiality and standstill agreement may not include any provision calling for an exclusive right to negotiate with Enthusiast Gaming, may not prohibit Enthusiast Gaming from disclosing the material terms and identity of such Person for the purposes of compliance with the Arrangement Agreement; and
4. Enthusiast Gaming has (i) provided prompt written notice to J55 of its decision to take such action, (ii) prior to providing any non-public information to such person Enthusiast Gaming provides a true, complete and final executed copy of the confidentiality and standstill; and (iii) J55 is promptly provided (to the extent not previously provided) with any such non-public information provided to such person.

Right to Match

If Enthusiast Gaming has complied with the covenants regarding Acquisition Proposals in the Arrangement Agreement, Enthusiast Gaming may enter into a definitive agreement (a “**Proposed Agreement**”) in respect of a Superior Proposal (other than a confidentiality agreement permitted by the Arrangement Agreement) received prior to the date of approval of the Arrangement and the transactions contemplated by the Arrangement Agreement by the Enthusiast Shareholders and terminate the Arrangement Agreement, if and only if:

1. Enthusiast Gaming has complied with its obligations under the Arrangement Agreement;
2. the Enthusiast Board has determined in good faith, after consultation with Enthusiast Gaming’s outside legal counsel that the failure by Enthusiast Board to recommend that Enthusiast Gaming enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties;
3. Enthusiast Gaming has delivered written notice to J55 of the determination of the Enthusiast Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Enthusiast Board to accept, approve or recommend such Superior Proposal and/or of Enthusiast Gaming to enter into an agreement with respect to such Superior Proposal, together with a copy of the Acquisition Proposal and all documentation (including all agreements, arrangements and understandings) comprising the Acquisition Proposal to the extent not previously provided (collectively, the “**Superior Proposal Notice**”) such documents to be provided to J55 not less than five (5) Business Days prior to the proposed acceptance, approval or execution of the proposed agreement by Enthusiast Gaming;

4. at least five (5) Business Days shall have elapsed from the date that is the later of the date on which J55 received the Superior Proposal Notice and the date on which J55 received a copy of the proposed definitive agreement for the Superior Proposal, which five business day-period is referred to herein as the “Matching Period”;
5. during the Matching Period, J55 has had the opportunity (but not the obligation) in accordance with the Arrangement Agreement to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
6. in the event that J55 has offered to amend the terms and conditions of the Arrangement Agreement during the Matching Period, Enthusiast Gaming has determined in accordance with the Arrangement Agreement that such Acquisition Proposal continues to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Matching Period; and
7. Enthusiast Gaming pays the Termination Fee.

During the Matching Period, or such longer period as Enthusiast Gaming may approve in writing, J55 will have the right, but not the obligation, to offer to amend the Arrangement Agreement and the Plan of Arrangement and Enthusiast Gaming shall cooperate with J55 with respect thereto, including negotiating in good faith with J55 to make such amendments to the terms of the Arrangement Agreement. The Enthusiast Board will review any such offer by J55 to amend the Arrangement Agreement and the Plan of Arrangement in good faith in order to determine whether the Acquisition Proposal to which J55 is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by J55 to be amended. If the Enthusiast Board determines that the Acquisition Proposal no longer constitutes a Superior Proposal, the Enthusiast Board will cause Enthusiast Gaming to enter into an amendment to the Arrangement Agreement with J55 incorporating the amendments to the Arrangement Agreement and Plan of Arrangement as set out in the written offer to amend and take all such actions as are necessary to give effect to the foregoing.

Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Enthusiast Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal, provided that the Matching Period in respect of such new Acquisition Period shall extend only until the later of the end of the initial five (5) Business Day Matching Period and 36 hours after J55 received the Superior Proposal Notice for the new Superior Proposal and a copy of the proposed definitive agreement for the new Superior Proposal.

If Enthusiast Gaming provides a Superior Proposal Notice to J55 on a date that is less than five (5) Business Days before the Enthusiast Meeting, Enthusiast Gaming shall either proceed with or shall postpone the Enthusiast Meeting, as directed by J55 acting reasonably, to a date that is not more than five (5) Business Days after the scheduled date of the Enthusiast Meeting but in any event the Enthusiast Meeting shall not be postponed to a date which would prevent the Effective Date from occurring on or prior to the Outside Date.

Nothing contained in the Arrangement Agreement shall prohibit the Enthusiast Board from making an Enthusiast Change in Recommendation or from making any disclosure to any securityholders of Enthusiast Gaming prior to the Arrangement Effective Time, including for greater certainty disclosure of an Enthusiast Change in Recommendation, if, in the good faith judgment of the Enthusiast Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would reasonably be expected to be inconsistent with the Enthusiast Board’s exercise of its fiduciary duties or

such action or disclosure is otherwise required by law (including, without limitation, by responding to an Acquisition Proposal under a directors' circular or otherwise as required by law); provided that, for greater certainty, in the event of an Enthusiast Change in Recommendation and a termination by J55 of the Arrangement Agreement pursuant to the terms thereof, Enthusiast Gaming shall be obligated to pay the Enthusiast Termination Fee. The Enthusiast Board may not make an Enthusiast Change in Recommendation pursuant to the preceding sentence unless Enthusiast Gaming gives J55 at least two (2) Business Days prior written notice of its intention to make such Enthusiast Change in Recommendation, provided that, for greater certainty, the foregoing limitation shall not apply in respect of any actions taken under the right to match provisions specified in the Arrangement Agreement. In addition, nothing contained in the Arrangement Agreement shall prohibit Enthusiast Gaming or the Enthusiast Board from calling and/or holding a meeting of Enthusiast Shareholders requisitioned by Enthusiast Shareholders in accordance with the OBCA or taking any other action to the extent ordered or otherwise mandated by a Governmental Entity.

Termination

The Arrangement Agreement may be terminated at any time prior to the Arrangement Effective Time, in the circumstances specified in the Arrangement Agreement, including:

1. by mutual written agreement of the parties;
2. by either Enthusiast Gaming or J55 if:
 - (a) the Enthusiast Meeting is duly convened and held and the Enthusiast Arrangement Resolution is voted on by Enthusiast Shareholders and not approved by the Enthusiast Shareholders as required by the Interim Order;
 - (b) the J55 Meeting is duly convened and held and the J55 Resolutions are voted on by J55 Shareholders and not approved by the J55 Shareholders as required by Law;
 - (c) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Enthusiast Gaming or J55 from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate the Arrangement Agreement pursuant to the terms therein has used its reasonable best efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement and provided further that the enactment, making, enforcement or amendment of such Law was not primarily due to the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or
 - (d) the Arrangement Effective Time does not occur on or prior to the Outside Date, provided that Enthusiast Gaming or J55 may not terminate the Arrangement Agreement pursuant to the terms therein if the failure of the Arrangement Effective Time to so occur has been caused by, or is a result of, a breach by a party of any of its representations or warranties or the failure of a party to perform any of its covenants or agreements under the Arrangement Agreement;
3. by Enthusiast Gaming, if:

- (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of J55 under the Arrangement Agreement occurs that would cause conditions within the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement; provided that any willful breach shall be deemed to be incapable of being cured and Enthusiast Gaming is not then in breach of the Arrangement Agreement so as to cause conditions therein not to be satisfied; or
 - (b) prior to the approval by the Enthusiast Shareholders of the Enthusiast Arrangement Resolution, the Enthusiast Board authorizes Enthusiast Gaming to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) with respect to a Superior Proposal in accordance with the Arrangement Agreement, provided Enthusiast Gaming is then in compliance with its covenants regarding non-solicitation in all material respects and that prior to or concurrent with such termination Enthusiast Gaming pays the Enthusiast Termination Fee as set out in the Arrangement Agreement;
- 4. by J55, if:
 - (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Enthusiast Gaming under the Arrangement Agreement occurs that would cause conditions within the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement, provided that any willful breach shall be deemed to be incapable of being cured and J55 is not then in breach of the Arrangement Agreement so as to cause conditions therein not to be satisfied; or
 - (b) prior to the approval by the Enthusiast Shareholders of the Arrangement Resolution, (A) the Enthusiast Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to J55, the Enthusiast Board Recommendation, (B) the Enthusiast Board accepts, approves, endorses or recommends an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced Acquisition Proposal for more than 10 Business Days (together with any of the matters set forth in (A), an “**Enthusiast Change in Recommendation**”), (C) the Enthusiast Board enters into (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) any agreement in respect of an Acquisition Proposal or (D) Enthusiast Gaming willfully breaches the non-solicitation provisions contained in the Arrangement Agreement.

The party desiring to terminate the Arrangement Agreement will give notice of such termination to the other party specifying in reasonable detail the basis for such party’s exercise of its termination right.

Termination Fees and Expenses

Except as otherwise provided in the Arrangement Agreement, all costs and expenses incurred in connection with the Arrangement Agreement shall be paid by the Party incurring such cost or expense. J55 shall pay any filing or similar fee payable to a Governmental Entity and applicable taxes in connection with regulatory approval.

The Arrangement Agreement further provides that the Termination Fee will be payable to J55 upon termination of the Arrangement Agreement:

- (a) by J55, if prior to the approval by the Enthusiast Shareholders of the Arrangement Resolution, an Enthusiast Change in Recommendation occurs or the Enthusiast Board enters into (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) any agreement in respect of an Acquisition Proposal or Enthusiast Gaming willfully breaches the non-solicitation provisions contained in the Arrangement Agreement; or
- (b) by Enthusiast Gaming, prior to the approval by the Enthusiast Shareholders of the Enthusiast Arrangement Resolution, the Enthusiast Board authorizes Enthusiast Gaming to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) with respect to a Superior Proposal in accordance with the Arrangement Agreement, provided Enthusiast Gaming is then in compliance with the Arrangement Agreement in all material respects and that prior to or concurrent with such termination Enthusiast Gaming pays the Termination Fee; or
- (c) by Enthusiast Gaming or J55, if the Enthusiast Meeting is duly convened and held and the Enthusiast Arrangement Resolution is voted on by Enthusiast Shareholders and not approved by the Enthusiast Shareholders as required by the Interim Order, and if:
- (d) following the date of execution of the Arrangement Agreement and prior to the Enthusiast Meeting, a *bona fide* Acquisition Proposal involving Enthusiast Gaming shall have been publicly announced by any Person (other than J55 or any of its affiliates or any Person acting jointly or in concert with any of the foregoing);
- (e) such Acquisition Proposal has not been expired or been publicly withdrawn at least five (5) Business Days prior to the Enthusiast Meeting; and
- (f) within twelve months following the date of such termination (A) such Acquisition Proposal is consummated, or (B) Enthusiast Gaming enters into a contract in respect of such Acquisition Proposal and such Acquisition Proposal is later consummated.

For the purposes of the foregoing, the term “Acquisition Proposal” has the meaning given to such term under “*Glossary of Terms*”, except that references to “20% or more” shall be deemed to be references to “50% or more”.

Insurance and Indemnification

Pursuant to the terms of the Arrangement Agreement, J55 acknowledges that, prior to the Arrangement Effective Date, Enthusiast Gaming will be entitled to purchase customary directors’ and officers’ run-off insurance having coverage no less favourable, from an insurance carrier with the same or better credit rating, than the protection provided by Enthusiast Gaming and the subsidiaries of Enthusiast Gaming immediately prior to the Arrangement Effective Time, for coverage for six (6) years from the Arrangement Effective Time (provided that J55 is not required to pay any amounts in respect of such coverage prior to the Arrangement Effective Time) and provided further that the cost of such policies will not exceed 300% of Enthusiast Gaming’s current annual aggregate premiums for such current policies. J55 has also agreed, from and after the Arrangement Effective Time, to honor all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of Enthusiast Gaming and the subsidiaries of Enthusiast Gaming and acknowledges that such rights will survive and continue following the Arrangement Effective Date for not less than six years following the Arrangement Effective Date.

Amendment

At any time on or before the Arrangement Effective Time, the Arrangement Agreement may be amended by mutual written agreement of the parties in accordance with the terms thereof.

Court Approval and Completion of the Arrangement

Interim Order

On July 22, 2019, the Court granted the Interim Order facilitating the calling of the J55 Meeting and prescribing the conduct of the J55 Meeting, the Dissent Rights and certain other procedural matters. The Interim Order is attached as Appendix 19 to this Circular.

Final Order

The application for the Final Order approving the Arrangement is scheduled for August 29, 2019 at 9:30 a.m. (Toronto time), or as soon thereafter as counsel may be heard, at 330 University Avenue, Toronto, Ontario. At the hearing, any Enthusiast Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Enthusiast Gaming, as the case may be, no less than four Business Days before the hearing for the Final Order, a notice of intention to appear indicating whether such shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. Service of such notice will be effected by service upon the solicitors for Enthusiast Gaming: Stikeman Elliott LLP, located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, Attention: Jay Kellerman.

The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those persons having previously properly served a notice of intention to appear will be given notice of the postponement, adjournment or rescheduled date.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, the Articles of Arrangement will be filed with the Director of the Ontario Securities Commission to give effect to the Arrangement.

The J55 Shares and J55 Arrangement Consideration Options to be issued pursuant to the Arrangement have not been and will not be registered under the *U.S. Securities Act* or the securities laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable securities laws of any state of the United States. Section 3(a)(10) of the *U.S. Securities Act* exempts from registration a security that is issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all Persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court of competent jurisdiction or by a governmental authority expressly authorized by law to grant such approval. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption under the *U.S. Securities Act* with respect to the J55 Shares and J55 Arrangement Consideration Options to be issued

pursuant to the Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the *U.S. Securities Act* with respect to the issuance of the J55 Shares by J55 in connection with the Arrangement.

For further information regarding the Court hearing in connection with the Final Order and the rights of Enthusiast Shareholders in connection with the Court hearing, see the Interim Order attached at Appendix 19 to this Circular and the issued Notice of Application attached at Appendix 18 to this Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is the only such notice of that proceeding.

Securities Law Considerations

The following is a brief summary of the Canadian and United States securities law considerations applying to the transactions contemplated herein not discussed elsewhere in this Circular.

Applicable Securities Laws

The following is only a general overview of certain requirements of Applicable Securities Laws relating to the Arrangement that may be applicable to Enthusiast Shareholders.

The issuance of the J55 Shares pursuant to the Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The J55 Shares may be resold in each of the provinces and territories of Canada provided (i) that J55 is a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) the trade is not a “control distribution” as defined in NI 45-102; (iii) no unusual effort is made to prepare the market or create a demand for those securities; (iv) no extraordinary commission or consideration is paid in respect of that trade; and (v) if the selling securityholder is an “insider” or “officer” of J55 (as such terms are defined by Applicable Securities Laws), the insider or officer has no reasonable grounds to believe that J55 is in default of Applicable Securities Laws.

Each holder is urged to consult such holder’s professional advisers to determine the Canadian conditions and restrictions applicable to trades in the J55 Shares. Resales of any securities acquired in connection with the Arrangement may be required to be made through properly registered securities dealers.

To the extent that an Enthusiast Shareholder resides in a non-Canadian jurisdiction, the J55 Shares received by the Enthusiast Shareholder may be subject to certain additional trading restrictions under applicable laws. **All Enthusiast Shareholders residing outside Canada are advised to consult their own legal advisors regarding such resale restrictions.**

MI 61-101 Analysis

MI 61-101 regulates certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding “interested parties” or “related parties”, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to “business combinations” (as defined in MI 61-101) that terminate the interests of securityholders without their consent. MI 61-101 provides that, in certain circumstances, where a “related party” of an issuer (as defined in MI 61-101) is entitled to receive a “collateral benefit” (as defined in MI 61-101) in connection with an arrangement (such as the Arrangement), such transaction may be considered a “business combination” for the purposes of MI 61-101 and as a result such related party will be an “interested party” (as defined in MI-61-101) and the issuer may be subject to valuation and minority

approval requirements. A “related party” includes directors, executive officers and shareholders holding over 10% of the issued and outstanding shares of the issuer.

A “collateral benefit” (as defined in MI 61-101) includes any benefit that a related party of Enthusiast Gaming or J55 is entitled to receive as a consequence of the Arrangement, including without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to services as an employee, director or consultant of Enthusiast Gaming or J55. MI 61-101 excludes from the meaning of collateral benefit a payment per security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, as well as certain benefits to a related party received solely in connection with the related party’s services as an employee or director of an issuer, of an affiliated entity of such issuer or of a successor to the business of such issuer where (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) either (i) at the time of the transaction the related party and his or her associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer, or (ii) the related party discloses to an independent committee of the issuer the amount of consideration that he or she expects to be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities he or she beneficially owns and the independent committee acting in good faith determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party will receive pursuant to the terms of the transaction for the equity securities it beneficially owns, and the independent committee’s determination is disclosed in the disclosure document for the transaction.

Each of the directors and executive officers of Enthusiast Gaming and their respective associated affiliated entities beneficially own, or exercise control or direction over, less than 1% of the issued and outstanding Enthusiast Shares (assuming in each case the exercise, conversion and/or redemption, as applicable, of Enthusiast Options, Enthusiast Warrants and Enthusiast Debentures held by them), other than Menashe Kestenbaum, Alan Friedman, Meir Bulua, Eric Bernofsky and Corey Mandell who hold 5.39%, 2.16%, 4.13%, 1.16% and 3.25% (on a non-diluted basis), respectively, of the outstanding Enthusiast Shares.

Pursuant to the terms of the Arrangement and as a condition precedent to the consummation of the Arrangement, Messrs Bernofsky, Kestenbaum and Friedman will execute waiver agreements, in form and substance satisfactory to J55, pursuant to which they each agree that the Arrangement does not constitute a “Change of Control” for purposes of their respective employment or consulting agreements with Enthusiast Gaming. Mr. Bulua is not entitled to any “collateral benefit” pursuant to the terms of the Arrangement. As a result of the foregoing, the minority approval requirements of MI 61-101 will not apply in connection with the Arrangement. The Enthusiast Board is aware of the above noted securityholding interests and considered them when reaching their recommendation.

Enthusiast Gaming and J55 are not required to obtain a formal valuation under MI 61-101 as it is exempt from the formal valuation requirements of MI 61-101 pursuant to subsection 4.4(a) of MI 61-101 on the basis that the Enthusiast Shares and the J55 Shares are listed on the TSXV.

Further to subsection 4.2(3) of MI 61-101, Enthusiast Gaming confirms that: (i) neither Enthusiast Gaming nor any of its directors or senior officers are aware of any prior valuation in respect of Enthusiast Gaming that has been made in the 24 months preceding the date of this Circular; and (ii) Enthusiast Gaming did not receive any bona fide prior offer relating to the subject matter of, or otherwise being relevant to, the Arrangement, during the 24 months before the date of execution of the Arrangement Agreement. J55 confirms that: (i) neither J55 nor any of its directors or senior officers are aware of any prior valuation in

respect of J55 that has been made in the 24 months preceding the date of this Circular; and (ii) other than the discussions in connection with the Amalgamation, J55 did not receive any bona fide prior offer relating to the subject matter of, or otherwise being relevant to, the Arrangement, during the 24 months before the date of execution of the Arrangement Agreement.

U.S. Securities Laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws applicable to U.S. Enthusiast Shareholders and Enthusiast Gaming optionholders in the United States in connection with the Arrangement. All U.S. Enthusiast Shareholders and Enthusiast Gaming optionholders in the United States are urged to consult their own legal counsel to ensure that the resale of J55 Shares or J55 Arrangement Consideration Options issued to them under the Arrangement complies with Applicable Securities Laws.

The following discussion does not address the Applicable Securities Laws that will apply to the issue of J55 Shares or J55 Arrangement Consideration Options into the United States or the resale of the J55 Shares or J55 Arrangement Consideration Options in Canada by U.S. Enthusiast Shareholders or Enthusiast Gaming optionholders in the United States. U.S. Enthusiast Shareholders or Enthusiast Gaming optionholders in the United States reselling their J55 Shares or J55 Arrangement Consideration Options in Canada must comply with Applicable Securities Laws, as outlined elsewhere in this Circular.

Status under U.S. Securities Laws

J55 is, or will be, a “foreign private issuer” as defined in Rule 405 under the *U.S. Securities Act* and Rule 3b-4 under the *U.S. Exchange Act*, and it is anticipated that J55 will, for the foreseeable future, rely on Rule 12g3-2(b) to the extent necessary to remain exempt from the registration requirements of section 12 of the *U.S. Exchange Act*.

It is intended that the J55 Shares will be listed for trading on the TSXV following completion of the Arrangement. If the Amalgamation is completed and the Arrangement is not completed, it is intended the J55 Shares will be listed for trading on the TSXV following completion of the Amalgamation. However, there is no assurance that J55 will be successful in obtaining such a listing in either event.

Exemption from the Registration Requirements of the U.S. Securities Act

The J55 Shares and J55 Arrangement Consideration Options to be issued by J55 to Enthusiast Shareholders and to holders of Enthusiast Options, respectively, pursuant to the Arrangement have not been and will not be registered under the *U.S. Securities Act* or any applicable securities laws of any state of the United States, and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable securities laws of any state of the United States. The Section 3(a)(10) Exemption exempts from registration the distribution of securities which are issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of such issue and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all Persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court of competent jurisdiction or by a governmental authority expressly authorized by law to grant such approval. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered.

The Court will conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on July 22, 2019 and, subject to the approval of the Arrangement by the Enthusiast Shareholders, a hearing in respect of the Final Order for the Arrangement

is currently scheduled to take place on August 29, 2019 at 9:30 a.m. (Toronto time) in Toronto, Ontario. All Enthusiast Shareholders and Enthusiast Gaming optionholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. Accordingly, the Final Order, if granted, will constitute the basis for the Section 3(a)(10) Exemption with respect to the J55 Shares and J55 Arrangement Consideration Options issued pursuant to the Arrangement.

Resales in the United States of J55 Shares and J55 Arrangement Consideration Options Issued to U.S. Shareholders and Optionholders

The ability of a U.S. Enthusiast Shareholder or a U.S. holder of Enthusiast Options to resell in the United States the J55 Shares or J55 Arrangement Consideration Options, respectively, issued to it pursuant to the Arrangement will depend on whether such holder is an “affiliate” of J55 or Enthusiast after the Arrangement or has been an “affiliate” of J55 or Enthusiast within ninety days before the Effective Date of the Arrangement. The J55 Shares or J55 Arrangement Consideration Options received by U.S. Enthusiast Shareholders or holders of Enthusiast Options in the United States upon completion of the Arrangement may be resold without restriction under the *U.S. Securities Act*, except by persons who are “affiliates” (within the meaning of the *U.S. Securities Act*) of J55 or Enthusiast after the Effective Date or who have been affiliates of J55 or Enthusiast within 90 days before the Effective Date.

As defined in Rule 144 under the *U.S. Securities Act*, an “affiliate” of an issuer is a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer whether through the ownership of voting securities, by contract or otherwise. Typically, Persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its “affiliates”.

The resale rules applicable to U.S. Enthusiast Shareholders and holders of Enthusiast Options in the United States are summarized below. U.S. Enthusiast Shareholders and holders of Enthusiast Options in the United States are urged to consult with their own legal counsel to ensure that the resale of J55 Shares and J55 Arrangement Consideration Options issued to them pursuant to the Arrangement complies with all applicable securities legislation.

U.S. Enthusiast Shareholders or holders of Enthusiast Options in the United States who have not been affiliates of J55 or Enthusiast within ninety days prior to the Effective Date and who will not be affiliates of J55 or Enthusiast after the Effective Date, may resell the J55 Shares or J55 Arrangement Consideration Options, as applicable, issued to them in accordance with the Arrangement without restriction under the *U.S. Securities Act*.

U.S. Enthusiast Shareholders and holders of Enthusiast Options in the United States who are affiliates of J55 or Enthusiast after the Effective Date or who were affiliates of J55 or Enthusiast within ninety days prior to the Effective Date, will be subject to restrictions on resale of the J55 Shares and J55 Arrangement Consideration Options under the *U.S. Securities Act*. These affiliates may not resell their J55 Shares or J55 Arrangement Consideration Options unless such J55 Shares or J55 Arrangement Consideration Options are registered under the *U.S. Securities Act* or an exemption from such registration requirements is available.

Resale of J55 Shares Pursuant to Regulation S

In general, a Person may resell the J55 Shares issued to them pursuant to the Arrangement in an “offshore transaction” in accordance with (i) Rule 904 of Regulation S, provided that (a) such Person is, at the time of the resale transaction, not an affiliate of J55 or is an affiliate of J55 solely by virtue of having a position as an officer or director of J55, (b) such Person would not be deemed a “distributor” as defined in

Regulation S, (c) no “directed selling efforts” as defined in Regulation S are made in the United States by the seller, an affiliate of the seller or any Person acting on their behalf, and (d) the conditions imposed by Regulation S under the *U.S. Securities Act* for “offshore transactions” are satisfied; or (ii) Rule 903 of Regulation S, provided that, among other things, (a) no “directed selling efforts” as defined in Regulation S are made in the United States by the seller, an affiliate of the seller or any Person acting on their behalf, and (b) the conditions imposed by Regulation S under the *U.S. Securities Act* for “offshore transactions” are satisfied.

An offer or sale of securities is made in an “offshore transaction” if: (i) the offer is not made to a Person in the United States; and (ii) either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller and any Person acting on its behalf reasonably believe that the buyer is outside the United States, or (b) for purposes of (1) Rule 903 of Regulation S, the transaction is executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the United States, or (2) Rule 904 of Regulation S, the transaction is executed in, on or through the facilities of a “designated offshore securities market” (as defined in Regulation S) and neither the seller nor any Person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. In addition, in the case of an offer or sale of securities by an officer or director of J55 who is an affiliate of J55 solely by virtue of holding such position, no selling concession, fee or other remuneration may be paid in connection with the offer or sale other than the usual and customary broker’s commission that would be received by a Person executing such transaction as agent.

J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures

Holders of J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures are advised that the Section 3(a)(10) Exemption will not, however, exempt the issuance of any J55 securities issued subsequent to the Arrangement. Therefore, the Section 3(a)(10) Exemption will not be available in respect of the J55 Shares issuable upon the exercise, conversion or redemption, as applicable, of J55 Arrangement Consideration Options, Enthusiast Warrants or Enthusiast Debentures, whether prior to or after the Effective Date. The J55 Shares issuable upon the exercise, conversion or redemption, of J55 Arrangement Consideration Options, Enthusiast Warrants or Enthusiast Debentures will be “restricted securities” within the meaning of Rule 144 under the *U.S. Securities Act*. The J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures may only be exercised in the United States, or by or on behalf of a U.S. Person or a Person in the United States, in transactions exempt from, or not subject to, the registration requirements of the *U.S. Securities Act* and applicable state securities laws. Prior to the issuance of J55 Shares pursuant to any such exercise of J55 Arrangement Consideration Options, Enthusiast Warrants or Enthusiast Debentures after the Arrangement Effective Time, J55 may require evidence (which may include in an opinion of counsel) reasonably satisfactory to J55 to the effect that the issuance of such J55 Shares do not require registration under the *U.S. Securities Act* or applicable state securities laws.

J55 Shares received upon exercise of the J55 Arrangement Consideration Options, Enthusiast Warrants or Enthusiast Debentures after the Arrangement Effective Time by holders in the United States or who are U.S. Persons will be “restricted securities”, as such term is defined in Rule 144(a)(3), and may not be resold unless such securities are registered under the *U.S. Securities Act* and all applicable state securities laws or unless an exemption from such registration requirements is available.

This Circular does not cover resales of any securities received by any person upon completion of the Arrangement, and no person is authorized to make any use of this Circular in connection with any resale.

Limitations on Resale of J55 Shares Pursuant to Rule 144

Since J55 is a “capital pool company” as defined in the policies of the TSX Venture Exchange, it is a “shell company” as defined in Rule 405 under the *U.S. Securities Act* – that is, a company with no or nominal operations, and no or nominal assets (other than cash or/or cash equivalents and/or other nominal assets) (a “**Shell Company**”). Consequently, by operation of Rule 144(i) under the *U.S. Securities Act*, holders of J55 Shares that are subject to any U.S. resale restrictions (including any J55 Shares issued upon exercise, conversion or redemption of J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures, which are “restricted securities” as discussed above) will not be permitted to rely upon Rule 144 under the *U.S. Securities Act* to resell such securities in the United States except in strict compliance with the following requirements (as set forth in certain administrative no-action relief granted by the SEC), all of which must be met at the time of the resale transaction:

- (a) J55 must continue to be organized under the laws of a Canadian jurisdiction;
- (b) J55 must never again become a Shell Company at any time before the resale transaction;
- (c) J55 must continue to be a “reporting issuer” under the laws of at least one Canadian province and continue to file its continuous disclosure documents on SEDAR;
- (d) J55 must have filed on SEDAR all reports and other materials required to be filed by it during the preceding 12 months;
- (e) J55 must have filed an annual information form, prepared in accordance with Applicable Securities Laws, on SEDAR during the preceding 16 months; and
- (f) J55 must have filed, at least one year prior to the resale transaction on SEDAR:
 - (i) an annual information form prepared in accordance with Applicable Securities Laws,
 - (ii) audited annual financial statements, prepared in accordance with IFRS as issued by the International Accounting Standards Board,
 - (iii) MD&A relating to its audited annual financial statements, prepared in compliance with Applicable Securities Laws, and
 - (iv) a management information circular/proxy statement prepared by J55 in connection with an annual or special meeting of its shareholders,

all of which information shall reflect J55’s status as an entity that is no longer a Shell Company.

Fairness Opinion

Enthusiast Gaming retained Haywood to act as financial advisor to Enthusiast Gaming and to provide an opinion as to the fairness, from a financial point of view, of the consideration to be received by Enthusiast Shareholders pursuant to the Arrangement Agreement.

On May 29, 2019, Haywood verbally delivered its opinion to the Enthusiast Board, and subsequently confirmed in writing on May 30, 2019, that as at the date thereof, the consideration to be received by Enthusiast Shareholders under the Arrangement is fair from a financial point of view to the Enthusiast Shareholders. The full text of the Enthusiast Fairness Opinion, setting out the assumptions made, matters

considered and limitations and qualifications on the review undertaken in connection with the Enthusiast Fairness Opinion, is attached to Appendix 21 to this Circular. The summary of the Enthusiast Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Enthusiast Fairness Opinion.

Enthusiast Gaming has agreed to pay Haywood a fee for its services in connection with the Arrangement, a portion of which was paid on execution of the engagement letter with Haywood, a portion of which was paid at the rendering of Haywood's opinion and a portion of which is contingent upon the consummation of the Arrangement or certain other events. Enthusiast Gaming also has agreed to reimburse Haywood for its expenses incurred in connection with Haywood's engagement and to indemnify Haywood and its affiliates and their respective present and former directors, officers, employees, agents and controlling persons against specified liabilities.

Neither Haywood, nor any of its affiliates (as defined in the Securities Act (Ontario)) is an insider, associate or affiliate of Enthusiast Gaming, GameCo or J55 and is not an advisor to any person or company in respect of the Arrangement other than Enthusiast Gaming.

The Enthusiast Fairness Opinion was provided solely for the information and assistance of the Enthusiast Board in connection with its consideration of the Arrangement and is not a recommendation to any Enthusiast Shareholder as to how to vote or act on any matter relating to the Arrangement. The Fairness Opinion was only one factor that the Enthusiast Board took into consideration in making its determination to recommend that the Enthusiast Shareholders vote in favour of the Enthusiast Arrangement Resolution.

Right to Dissent

Enthusiast Shareholders who wish to dissent should take note that the procedures for dissenting to the Arrangement require strict compliance with the applicable dissent procedures.

Dissent Rights to the Enthusiast Arrangement Resolution for Enthusiast Shareholders

As indicated in the Notice of Meeting, any holder of Enthusiast Shares is entitled to be paid the fair value of such holder's Enthusiast Shares in accordance with Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, if such holder exercises Dissent Rights and the Arrangement becomes effective.

An Enthusiast Shareholder is not entitled to exercise Dissent Rights with respect to such holder's Enthusiast Shares if such holder votes any of those shares in favour of the Enthusiast Arrangement Resolution. There can be no assurance that a dissenting Enthusiast Shareholder will receive consideration for its Enthusiast Shares of equal or greater value to the Consideration that such dissenting Enthusiast Shareholder would have received under the Arrangement.

A brief summary of the provisions of Section 185 of the OBCA is set out below. This summary is qualified in its entirety to the provisions of Section 185 of the OBCA, the full text of which is set forth in Appendix 20 to this Circular, and by the Plan of Arrangement and Interim Order, the full texts of which are set forth in Appendix 17 and Appendix 19, respectively, to this Circular. The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein.

Section 185 of the OBCA

The OBCA, as modified by the Plan of Arrangement and the Interim Order, provides that Enthusiast Shareholders who dissent to certain actions being taken by Enthusiast Gaming may exercise a right of

dissent and require the purchase of the Enthusiast Shares held by such Enthusiast Shareholders at the fair value of such shares.

The exercise of Dissent Rights does not deprive a Registered Shareholder of the right to vote at the Enthusiast Meeting. A holder of Enthusiast Shares is not entitled to exercise Dissent Rights in respect of the Enthusiast Arrangement Resolution if such holder votes any of the Enthusiast Shares beneficially held by such holder in favour of the Enthusiast Arrangement Resolution. **The execution or exercise of a proxy does not constitute a written objection for purposes of the right to dissent under the OBCA.**

The following summary does not purport to provide comprehensive statements of the procedures to be followed by a dissenting shareholder under the OBCA, and reference should be made to the specific provisions of Section 185 of the OBCA. The OBCA requires strict adherence to the procedures regarding the exercise of rights established therein. The failure to adhere to such procedures may result in the loss of all rights of dissent. **Accordingly, each Enthusiast Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, and consult a legal advisor. A copy of Section 185 of the OBCA is set out in Appendix 20 to this Circular.**

A dissenting Enthusiast Shareholder is required to send a written objection to the Enthusiast Arrangement Resolution to Enthusiast Gaming at or prior to 5:00 p.m. (Toronto time) on the date which is two Business Days prior to the Enthusiast Meeting (as it may be adjourned or postponed from time to time). A vote against the Enthusiast Arrangement Resolution or a withholding of votes does not constitute a written objection. Within 10 days after the Enthusiast Arrangement Resolution is approved by the Enthusiast Shareholders, Enthusiast Gaming must send to each dissenting Enthusiast Shareholder a notice that the Enthusiast Arrangement Resolution has been adopted. The dissenting Enthusiast Shareholder is then required, within 20 days after receipt of such notice (or if such shareholder does not receive such notice, within 20 days after learning of the adoption of the Enthusiast Arrangement Resolution), to send to Enthusiast Gaming a written notice containing the dissenting Enthusiast Shareholder's name and address, the number of Enthusiast Shares in respect of which the dissenting Enthusiast Shareholder dissents and a demand for payment of the fair value of such shares and, within 30 days after sending such written notice, to send to Enthusiast Gaming or the Enthusiast Transfer Agent the appropriate share certificate or certificates representing the Enthusiast Shares in respect of which the dissenting Enthusiast Shareholder has exercised Dissent Rights. A dissenting Enthusiast Shareholder who fails to send to Enthusiast Gaming within the required periods of time the required notices or the certificates representing the Enthusiast Shares in respect of which the dissenting Enthusiast Shareholder has dissented may forfeit their Dissent Rights.

If the matters provided for in the Enthusiast Arrangement Resolution become effective, then a notice will be required to be sent, not later than the seventh day after the later of (i) the Arrangement Effective Date, and (ii) the day the demand for payment is received, to each dissenting Enthusiast Shareholder whose demand for payment has been received, containing a written offer to pay for the Enthusiast Shares of such dissenting Enthusiast Shareholder in such amount as the Enthusiast Board considers the fair value thereof accompanied by a statement showing how the fair value was determined, subject to certain exceptions. Payment for the Enthusiast Shares of a dissenting Enthusiast Shareholder must be made within ten days after an offer made as described above has been accepted by a dissenting Enthusiast Shareholder, but any such offer lapses if an acceptance thereof is not received within 30 days after such offer has been made.

If such offer is not made or accepted within 50 days after the Arrangement Effective Date, the payor may apply to a court of competent jurisdiction to fix the fair value of such shares. There is no obligation of the payor to apply to the court. If the payor fails to make such an application, a dissenting Enthusiast Shareholder has the right to so apply within a further 20 days.

Addresses for Notice

All notices to Enthusiast Gaming of dissent to the Enthusiast Arrangement Resolution pursuant to Section 185 of the OBCA should be sent to:

Enthusiast Gaming Holdings Inc.
90 Eglinton Avenue East, Suite 805
Toronto, Ontario M4P 2Y3

Strict Compliance with Dissent Provisions Required

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Enthusiast Shareholder. Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, requires strict adherence to the procedures established therein and failure to do so may result in the loss of all Dissent Rights. Accordingly, each Enthusiast Shareholder who might desire to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, and consult a legal advisor. A copy of Section 185 of the OBCA is set out in Appendix 20 to this Circular, and a copy of the Plan of Arrangement and the Interim Order are set out in Appendix 17 and Appendix 19, respectively, to this Circular.

Regulatory Approvals

In addition to the shareholder approval described above, certain regulatory approval will also be required in order to consummate the Arrangement, as further described below.

The Enthusiast Shares are currently listed and posted for trading on the TSXV under the symbol “EGLX”. Following completion of the Arrangement, Enthusiast Gaming will become a wholly-owned subsidiary of J55 and it is anticipated that Enthusiast Gaming will apply to the applicable Canadian securities regulators to have Enthusiast Gaming cease to be a reporting issuer and have the Enthusiast Shares delisted from the TSXV.

The J55 Shares are currently listed and posted for trading on the TSXV under the symbol “FIVE.P”. Following completion of the Arrangement, it is anticipated that J55 will apply to the applicable Canadian securities regulators to have its name changed to “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSXV. It is a condition of closing of the Arrangement that the TSXV shall have conditionally approved the listing of the J55 Shares issuable under the Arrangement (including the J55 Shares issuable pursuant to the J55 Arrangement Consideration Options, Enthusiast Warrants and Enthusiast Debentures), subject to notice of issuance and J55 providing the TSXV with customary documentation.

As of the date hereof, the TSXV has conditionally approved the listing of the J55 Shares to be issued and reserved for issuance in connection with the Arrangement. Listing is subject to J55 fulfilling all of the requirements of the TSXV.

Enthusiast Shareholders and J55 Shareholders should be aware that the final approvals have not yet been given by the TSXV. Neither Enthusiast Gaming nor J55 can provide any assurances that such approvals will be obtained.

Certain Canadian Federal Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations under the Tax Act of the Arrangement generally applicable to a beneficial owner of Enthusiast Shares who, at all

relevant times, for purposes of the Tax Act: (i) deals at arm's length with Enthusiast and J55; (ii) is not affiliated with Enthusiast or J55; and (iii) holds its Enthusiast Shares, and will hold the J55 Shares received upon the Arrangement, as capital property (a "**Holder**"). Enthusiast Shares will generally be considered to be capital property to a Holder unless such Enthusiast Shares are held by the Holder in the course of carrying on a business of buying and selling securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "specified financial institution" for the purposes of the Tax Act; (ii) that is a "financial institution" for the purposes of the mark-to-market rules in the Tax Act; (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iv) that has made a functional currency reporting election for the purposes of the Tax Act; (v) that is a foreign affiliate, as defined in the Tax Act, of a taxpayer resident in Canada; (vi) that has acquired any Enthusiast Shares upon the exercise of an employee stock option; or (vii) that has entered into or will enter into a "derivative forward agreement", as defined in the Tax Act, in respect of the Enthusiast Shares or J55 Shares. In addition, this summary does not address the income tax considerations to holders of Enthusiast Options, Enthusiast Warrants or Enthusiast Debentures and holders of such securities should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is (or does not deal at arm's length for the purposes of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident person (or group of non-resident persons not dealing at arm's length) for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and on an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced in writing by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. **Accordingly, Holders should consult their own tax advisors to determine the particular tax effects to them of the Arrangement and of any other consequences to them in connection with the Arrangement under Canadian federal, provincial, territorial or local tax laws and under foreign tax laws, having regard to their own particular circumstances.**

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain Resident Holders whose Enthusiast Shares or J55 Shares might not otherwise qualify as capital property may be entitled to have such shares, and every other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year and any subsequent taxation year, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Resident Holders

considering making such an election should consult their own tax advisors for advice as to whether the election is available or advisable in their own particular circumstances.

Exchange of Enthusiast Shares for J55 Shares

Pursuant to the Arrangement, a Resident Holder, other than a Dissenting Resident Holder (as defined below) will exchange the holder's Enthusiast Shares for J55 Shares. Such Resident Holder will be deemed to have disposed of such Enthusiast Shares under a tax-deferred share-for-share exchange under section 85.1 of the Tax Act, unless such holder chooses to recognize a capital gain (or capital loss) as described in the immediately following paragraph. More specifically, the Resident Holder will be deemed to have disposed of the Enthusiast Shares for proceeds of disposition equal to the adjusted cost base of the Enthusiast Shares to such holder, determined immediately before the Effective Time, and the Resident Holder will be deemed to have acquired the J55 Shares at an aggregate cost equal to such adjusted cost base of the Enthusiast Shares. This cost will be averaged with the adjusted cost base of all other J55 Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of each J55 Share held by the Resident Holder.

A Resident Holder who exchanges Enthusiast Shares for J55 Shares pursuant to the Arrangement and who chooses to recognize all of the capital gain (or capital loss) in respect of the exchange may do so by including such capital gain (or capital loss) in computing its income for the taxation year in which the exchange takes place. In such circumstances, the Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the fair market value of the J55 Shares received exceeds (or is less than) the aggregate of the adjusted cost base of the Enthusiast Shares to the Resident Holder, determined immediately before the Effective Time, and any reasonable costs of disposition. The amount of any capital loss realized by a Resident Holder that is a corporation, trust or partnership may be denied in certain cases where such holder acquired the Enthusiast Shares in a transaction subject to the stop-loss rules described in the Tax Act. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below. The cost of the J55 Shares acquired on the exchange will be equal to the fair market value thereof in these circumstances. This cost will be averaged with the adjusted cost base of all other J55 Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of such J55 Shares.

Dissenting Resident Holders

A Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Resident Holder**") and who disposes of Enthusiast Shares to J55 in consideration for a cash payment from J55 will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Holder's Enthusiast Shares. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below. A Dissenting Resident Holder will also be required to include in computing its income any interest awarded by a court in connection with the Arrangement. Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Dividends on J55 Shares

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder's J55 Shares and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by J55 as "eligible dividends", as defined in the Tax Act. There may be limitations on the ability of J55 to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Resident Holder's J55 Shares, but generally will be entitled to deduct an equivalent amount in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of a disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on J55 Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

Taxable dividends received by an individual (including certain trusts) may give rise to alternative minimum tax under the Tax Act.

Disposing of J55 Shares

Generally, on a disposition or deemed disposition of a J55 Share (other than in a tax deferred transaction), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of the J55 Share immediately before the disposition or deemed disposition and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see *"Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*, below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a share may be reduced by the amount of certain dividends previously received (or deemed to be received) by the Resident Holder on such share (or on a share for which the share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns underlying shares directly or indirectly through another partnership or a trust.

Other Income Taxes

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including interest income and taxable capital gains.

A Resident Holder that is an individual (including certain trusts) that receives a taxable dividend or realizes a taxable capital gain in a particular taxation year may, in certain circumstances, be liable to pay an alternative minimum tax under the Tax Act for that year.

Eligibility for Investment

The J55 Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account (each, a "**Registered Plan**") or a deferred profit sharing plan (each as defined in the Tax Act), at any particular time, provided that, at that time, the J55 Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes Tiers 1 and 2 of the TSXV) or J55 is a "public corporation" (each as defined in the Tax Act).

Notwithstanding that J55 Shares may be a qualified investment for trusts governed by a Registered Plan, the annuitant, holder or subscriber (the "**Controlling Individual**") of, or under, the Registered Plan will be subject to a penalty tax on such shares if such shares are a "prohibited investment" (as defined in subsection 207.01(1) of the Tax Act). The J55 Shares will not be a "prohibited investment" for a Registered Plan provided that the Controlling Individual of the Registered Plan (i) deals at arm's length with J55 for purposes of the Tax Act and does not have a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in J55 or (ii) J55 Shares are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for the Registered Plan. Controlling Individuals of a Registered Plan who intend to hold J55 Shares in such plan, should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the Enthusiast Shares in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to certain holders that are insurers carrying on an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act).

Exchange of Enthusiast Shares for J55 Shares

Enthusiast Shares held by Non-Resident Holders, other than Dissenting Non-Resident Holders, as defined below, will be exchanged for J55 Shares as part of the Arrangement. Such exchange will occur on a tax-deferred basis, unless the Non-Resident Holder chooses to recognize a capital gain or capital loss as described in the following paragraphs.

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of an Enthusiast Share, unless: (i) the Enthusiast Share is "taxable Canadian property" of the Non-Resident Holder for purposes of the Tax Act; and (ii) the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, an Enthusiast Share will not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition provided that such share is listed on a designated stock exchange at that time, unless at any time during the sixty-month period immediately preceding that time both of the following conditions are satisfied: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Enthusiast, and (ii) more than 50% of the fair market value of such share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act), and

options in respect of, or interests in, or civil law rights in, any such properties (whether or not such property exists). In addition, Enthusiast Shares may be deemed to be taxable Canadian property of a Non-Resident Holder in certain circumstances.

In the event the Enthusiast Shares are taxable Canadian property of a Non-Resident Holder and the Non-Resident Holder chooses to recognize a capital gain (or capital loss), the consequences to such Non-Resident Holder will generally be the same as described above in the second paragraph under the heading "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations – Holders Resident in Canada – Exchange of Enthusiast Shares*". Such Non-Resident Holders should consult their own tax advisors concerning the Canadian income tax consequences of the disposition and the potential requirement to file a Canadian income tax return depending on their particular circumstances.

Dissenting Non-Resident Holders

A Non-Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Non-Resident Holder**") and disposes of Enthusiast Shares to J55 in consideration for a cash payment from J55 will realize a capital gain or loss in the same manner as discussed above under "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders*". A Dissenting Non-Resident Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Enthusiast Shares pursuant to the exercise of their Dissent Rights unless such Enthusiast Shares are considered to be taxable Canadian property of such Dissenting Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Dissenting Non-Resident Holder is resident. Dissenting Non-Resident Holders whose Enthusiast Shares may constitute taxable Canadian property should consult their own tax advisors.

Where a Dissenting Non-Resident Holder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will not be subject to Canadian withholding tax under the Tax Act.

Dividends on J55 Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's J55 Shares will be subject to withholding tax under the Tax Act at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the *Canada-United States Tax Convention (1980)*, as amended, and who is fully entitled to the benefits of that treaty, the rate of withholding will generally be reduced to 15% (or 5% in the case of a company beneficially owning at least 10% of J55's voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

Disposing of J55 Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of a J55 Share, unless (i) the J55 Share is taxable Canadian property of the Non-Resident Holder for purposes of the Tax Act; and (ii) the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. In addition, where a Non-Resident Holder acquires J55 Shares in exchange for Enthusiast Shares that are taxable Canadian property, the J55 Shares will be deemed to be taxable Canadian property for a sixty-month after the exchange.

Non-Resident Holders who dispose of J55 Shares that are taxable Canadian property should consult their own tax advisors with respect to the Canadian income tax consequences of the disposition and the

potential requirement to file a Canadian income tax return in respect of the disposition depending on their particular circumstances.

Completion of the Arrangement may have income tax consequences, which are not described herein this, under the laws of the United States or any other jurisdiction in which a holder of Enthusiast Shares is subject to income tax. Any such shareholder should consult their own tax advisors to determine any particular income tax consequences to them of the transactions completed in connection with the Arrangement.

APPENDIX 3

INFORMATION CONCERNING J55 CAPITAL CORP.

The following information should be read in conjunction with the information concerning J55 appearing elsewhere in the Circular to which this Appendix 3 is attached. All capitalized terms that are not otherwise defined in this Appendix 3 have the meanings ascribed thereto in the Circular.

The information contained in this Appendix 3 is presented on a pre-Transactions basis and is reflective of the current business, financial and share capital position of J55, without giving effect to the Consolidations or any other components of the Amalgamation or the Arrangement. See "Appendix 6 – Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer following completion of the Transactions.

Name and Incorporation

J55's full corporate name is "J55 Capital Corp." and it was incorporated on June 27, 2018 under the BCBCA. J55's head office address is Suite 830 – 1100 Melville Street, Vancouver, British Columbia, V6E 4A6 and its registered and records office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

J55 has one subsidiary, being Newco, a company incorporated on March 13, 2019 pursuant to the CBCA and formed solely for the purpose of effecting the Amalgamation.

General Development of the Business

History

J55 is a CPC. The principal business of J55 is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as defined in the TSXV Policies). J55 has not commenced commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests, and has no assets other than cash.

On July 25, 2018, J55 completed a private placement of 10,000,000 J55 Shares at a price of \$0.05 per J55 Share for gross proceeds of \$500,000.

On July 25, 2018, J55 completed an additional private placement of 5,000,000 J55 Shares at a price of \$0.10 per J55 Share for gross proceeds of \$500,000.

On December 12, 2018, J55 completed its initial public offering as a CPC of 4,000,000 J55 Shares for gross proceeds of \$400,000 and the J55 Shares began trading on the TSXV on December 12, 2018 under the symbol "FIVE.P".

On February 22, 2019, following non-arm's length negotiations, J55 and GameCo entered into the LOI pursuant to which J55 and GameCo agreed to negotiate a Qualifying Transaction on the terms and conditions set forth therein. The J55 Shares were halted from trading on the TSXV on February 19, 2019, pending announcement of the Amalgamation. The closing price of the J55 Shares on February 19, 2019, the last trading date immediately preceding the announcement of the Amalgamation, was \$0.315 (\$0.39375 on a post-First Consolidation basis and \$3.15 on a post-Consolidations basis). Trading in the J55 Shares remains halted on the TSXV as at the date of this Circular and is expected to remain halted until Arrangement Closing.

On May 30, 2019, J55 entered into the Amalgamation Agreement with GameCo and Newco with respect to the Amalgamation, and on June 19, 2019, entered into an amendment to the Amalgamation Agreement. A copy of the Amalgamation Agreement, as amended, is attached to the Circular at Appendix 16. For more information with respect to the Amalgamation, see the section of the Circular entitled, “Appendix 1 – Information Concerning the Amalgamation”.

On July 22, 2019, the TSXV conditionally approved the Amalgamation. There is no assurance the TSXV will give final approval of the Amalgamation.

Selected Consolidated Financial Information and MD&A

Selected Information

Appendix 7 to the Circular contains audited annual financial statements of J55 for the period from the date of incorporation (June 27, 2018) to December 31, 2018, and the unaudited interim financial statements for the three months ended March 31, 2019. The following table sets forth selected information regarding the expenses of J55 for such period. Such information is derived from J55’s financial statements and should be read in conjunction with such financial statements:

	Three Months Ended March 31, 2019 (Unaudited) (\$)	Period from the Date of Incorporation (June 27, 2018) to December 31, 2018 (Audited) (\$)
Total assets	1,238,585	1,249,858
Total liabilities	81,503	30,574
Basic and diluted loss per J55 Share	(0.016)	(0.05)
Total expenses	62,202	277,216
Net loss and comprehensive loss	(62,202)	(277,216)

MD&A

J55’s MD&A for the period from the date of incorporation (June 27, 2018) to December 31, 2018 and for the three months ended March 31, 2019 are attached as Appendix 8 to the Circular and can also be found on SEDAR at www.sedar.com. The MD&As should be read in conjunction with J55’s audited annual financial statements for the year ended December 31, 2018 and unaudited interim financial statements for the three months ended March 31, 2019, together with the notes thereto, which are also attached as Appendix 7 to the Circular. These documents are also available on SEDAR at www.sedar.com and, upon request, J55 will promptly provide such documents free of charge to a securityholder of J55.

Description of Securities

J55 is authorized to issue an unlimited number of J55 Shares without par value and an unlimited number of J55 Preferred Shares without par value. As of the date hereof, 19,000,000 J55 Shares are issued and outstanding as fully paid and non-assessable, 400,000 J55 Shares are reserved for issuance pursuant to J55 Agent’s Warrants, 1,710,000 J55 Common Shares are reserved for issuance pursuant to the J55 Options granted to directors in connection with the J55 IPO, and 190,000 J55 Common Shares are reserved for issuance pursuant to the J55 Charitable Options granted to an Eligible Charitable Organization in connection with the J55 IPO. There are no J55 Preferred Shares issued and outstanding.

J55 Shares

The holders of J55 Shares are entitled to dividends, if, as and when declared by the J55 Board, entitled to one vote per share at meetings of the J55 Shareholders and, upon dissolution, entitled to share equally in such assets of J55 as are distributable to the holders of J55 Shares and subject to the rights of the holders of J55 Preferred Shares.

J55 Preferred Shares

J55 Preferred Shares may be issued in one or more series. Subject to the BCBCA, the directors of J55 may, by resolution, if none of the shares of any particular series are issued, alter the articles of J55 and authorize the alteration of the notice of articles of J55, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that J55 is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

Consolidated Capitalization

J55 has not had any material change in its share and loan capital since its most recently completed financial period on March 31, 2019.

Stock Option Plan

J55 has adopted the J55 Option Plan, pursuant to which the J55 Board may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, and technical consultants to J55, non-transferable options to purchase J55 Shares, provided that the number of J55 Shares reserved for issuance will not exceed 10% of the issued and outstanding J55 Shares exercisable for a period of up to 10 years from the date of grant. The number of J55 Shares reserved for issuance to any one person will not exceed five percent (5%) of the issued and outstanding J55 Shares and the number of J55 Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding J55 Shares. J55 Options may be exercised the greater of 12 months after the completion of the Amalgamation and 90 days following cessation of the optionee's position with J55, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any J55 Shares acquired pursuant to the exercise of J55 Options prior to the Closing of the Amalgamation, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "*Appendix 3 - Information Concerning J55 Capital Corp. – Escrowed Securities*".

J55 intends to seek J55 Shareholder approval of the J55 Option Plan at the J55 Meeting. For additional details regarding the terms of the J55 Option Plan, see the section of the Circular entitled "*Particulars of Matters to be Acted Upon at the J55 Meeting – Approval of J55 Option Plan*".

The following J55 Options have been granted under the J55 Option Plan:

Optionee	Number of J55 Options ⁽¹⁾	Exercise Price ⁽¹⁾	Date of Issue	Expiry Date
Adrian Montgomery	685,000	\$0.10	December 12, 2018	December 12, 2028
John Veltheer	300,000	\$0.10	December 12, 2018	December 12, 2028
Francesco Aquilini	685,000	\$0.10	December 12, 2018	December 12, 2028
Alexander Helm	40,000	\$0.10	December 12, 2018	December 12, 2028
Total	1,710,000	\$0.10		

⁽¹⁾ On Closing, the number of J55 Options and Exercise Price will be adjusted to reflect the Consolidations.

Charitable Stock Options

In addition to the J55 Options granted under the J55 Option Plan, in accordance with the TSXV Policies and immediately prior to the J55 IPO, J55 has granted non-transferable J55 Charitable Options as follows:

Optionee	Number of J55 Charitable Options ⁽¹⁾	Exercise Price ⁽¹⁾	Date of Issue	Expiry Date
Canucks For Kids Fund	190,000	\$0.10	December 12, 2018	The earlier of December 12, 2028 and the 90th day from the date that the optionee ceases to be an Eligible Charitable Organization
Total	190,000	\$0.10		

⁽¹⁾ On Closing, the number of J55 Charitable Options and Exercise Price will be adjusted to reflect the Consolidations.

The aggregate number of J55 Shares issuable upon exercise of J55 Charitable Options cannot exceed 1% of the total number of J55 Shares (calculated on a non-diluted basis adjusted for any stock splits or consolidations), and such J55 Charitable Options, together with J55 Options shall not exceed 10% of the issued and outstanding J55 Shares. J55 is relying on TSXV Policy 4.7 which provides that after an issuer completes its closing of an initial public offering and becomes an issuer listed on the TSXV, such issuer's charitable options and the securities that are issuable upon their exercise will be treated by the TSXV as a separate reserve of securities that will not be applied toward the limits prescribed by the TSXV for options that may be granted by an issuer under its stock option and stock purchase plans or other share compensation arrangements, provided that all of the issuer's outstanding charitable options conform in every respect to the provisions of sections 2 and 3.1 of TSXV Policy 4.7.

Prior Sales

J55 Shares

Since the date of incorporation of J55, 19,000,000 J55 Shares have been issued as follows:

Date	Number of Common Shares	Issue Price Per Share	Aggregate Issue Price	Consideration Received
June 27, 2018	1 ⁽¹⁾	\$0.005	\$0.005	Cash
July 25, 2018	10,000,000 ⁽²⁾	\$0.05	\$500,000	Cash
July 25, 2018	5,000,000 ⁽²⁾	\$0.10	\$500,000	Cash
December 12, 2018	4,000,000	\$0.10	\$400,000	Cash

- (1) Incorporator's J55 Share. This J55 Share was repurchased for \$0.005. The J55 Share was then cancelled and the sum of \$0.005 was deducted from the stated capital account of J55.
- (2) These J55 Shares are held in escrow. See "Appendix 3 - Information Concerning J55 Capital Corp. – Escrowed Securities".

Escrowed Securities

All of the J55 Shares issued prior to the J55 IPO are in escrow with the J55 CPC Escrow Agent under the J55 CPC Escrow Agreement. All J55 Shares that may be acquired from treasury of J55 by Non-Arm's Length Parties of J55 prior to Closing will be deposited with the J55 CPC Escrow Agent under the J55 CPC Escrow Agreement.

In addition, all J55 Shares acquired in the secondary market prior to the Closing by any Person who becomes a Control Person are required to be deposited in escrow.

The following table sets out, as at the date hereof, the number of J55 CPC Escrow Shares which are held in escrow.

Name and Municipality of Residence of J55 Shareholder	J55 Shares	Number of J55 CPC Escrow Shares	Percentage of J55 Shares Issued and Outstanding
Canaccord Genuity Corp. ITF Adrian Montgomery Vancouver, BC	3,999,500	3,999,500	21.1%
Canaccord Genuity Corp. ITF John Veltheer Vancouver, BC	2,625,000	2,625,000	13.8%
Canaccord Genuity Corp. ITF Francesco Aquilini Vancouver, BC	4,001,000	4,001,000	21.1%
Canaccord Genuity Corp. ITF Alexander Helmelt Vancouver, BC	375,000	375,000	2.0%
Canaccord Genuity Corp. ITF Roberto Aquilini Vancouver, BC	3,999,500	3,999,500	21.1%
Canaccord Genuity Corp. ITF Janice Norgard Vancouver, BC	80,000	80,000	0.4%
Canaccord Genuity Corp. ITF Vanessa Fors Vancouver, BC	80,000	80,000	0.4%
Total	15,160,000	15,160,000	79.8%

Under the J55 CPC Escrow Agreement, 10% of the J55 CPC Escrow Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange's Tier 1 Initial Listing Requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed J55 Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the

TSXV for listing as a Tier 1 Issuer and the TSXV has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the TSXV.

The TSXV's prior consent must be obtained before a transfer within escrow of J55 CPC Escrow Shares. Generally, the TSXV will only permit a transfer within escrow to be made to incoming principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the J55 CPC Escrow Shares will not be released.

Stock Exchange Price

The J55 Shares are listed for trading on the TSXV but were halted from trading on February 19, 2019 in connection with the announcement of the Amalgamation. The following table sets forth the high, low and closing prices and volumes of the J55 Shares as traded on the TSXV for the periods indicated:

Period	High	Low	Close	Average Volume
July 2019	No trades ⁽¹⁾			
June 2019	No trades ⁽¹⁾			
May 2019	No trades ⁽¹⁾			
April 2019	No trades ⁽¹⁾			
March 2019	No trades ⁽¹⁾			
February 2019 ⁽¹⁾	\$0.50	\$0.32	\$0.32	9255
January 2019	\$0.52	\$0.27	\$0.49	2025
December 2018	\$0.10	\$0.27	\$0.27	833

⁽¹⁾ Trading of the J55 Shares on the TSXV has been halted since February 19, 2019 in connection with the announcement of the Amalgamation.

Non-Arm's Length Party Transactions

The Amalgamation Transaction will be a Non-Arm's Length Qualifying Transaction, as defined in the TSXV Policies and a Related Party Transaction, as defined in MI 61-101. See "Appendix 1 – Information Concerning the Amalgamation – Non-Arm's Length Qualifying Transaction".

Legal Proceedings

J55 is not currently a party to any legal proceedings, nor is J55 currently contemplating any legal proceedings, which are material to its business. Management of J55 is currently not aware of any legal proceedings contemplated against J55.

Management Contracts

No management functions of J55 or any Affiliate thereof are to any substantial degree performed by a Person other than the directors or executive officers of J55 or an Affiliate thereof.

Auditor, Transfer Agent and Registrar

The auditor of J55 is MNP LLP at its office at 111 Richmond Street W., #300, Toronto, Ontario M5H 2G4.

Computershare Investor Services Inc., at 3rd Floor – 510 Burrard Street, Vancouver, British Columbia V6C 3B9 is the transfer agent and registrar for the J55 Shares.

Material Contracts

J55 is party to the following material contracts, excluding contracts entered into in the ordinary course of business:

1. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated July 23, 2018 between J55 and the Transfer Agent;
2. J55 Option Plan adopted by the board of directors on July 23, 2018, as amended;
3. Escrow Agreement dated July 23, 2018 among J55, the Escrow Agent and those shareholders that executed such agreement. See *"Appendix 3 - Information Concerning J55 Capital Corp. – Escrowed Securities"*;
4. Agency Agreement dated November 29, 2018 between J55 and Canaccord Genuity Corp;
5. Amalgamation Agreement dated May 30, 2019, as amended, as more particularly described in *"Appendix 1 – Information Concerning the Amalgamation"*;
6. Arrangement Agreement dated May 30, 2019, as more particularly described in *"Appendix 2 – Information Concerning the Arrangement"*;
7. J55 Amalgamation Support Agreements dated May 30, 2019 between J55 and each of the directors, officers and Insiders of J55; and
8. J55 Arrangement Support Agreements dated May 30, 2019 between J55 and each of the directors and officers of Enthusiast Gaming.

Copies of these agreements may be inspected without charge during regular business hours at the offices of J55 and may also be found on SEDAR at www.sedar.com.

Executive Compensation

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by J55 thereof to each NEO and each director of J55, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to J55:

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites ⁽¹⁾ (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Adrian Montgomery ⁽²⁾ CEO and Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
John Veltheer ⁽³⁾ CFO, Secretary and Director	2018	Nil	Nil	Nil	Nil	Nil	Nil

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites ⁽¹⁾ (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Francesco Aquilini ⁽⁴⁾ Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
Alexander Helmelt ⁽⁵⁾ Director	2018	Nil	Nil	Nil	Nil	Nil	Nil

(1) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.

(2) Adrian Montgomery was appointed the CEO and a director of J55 on June 27, 2018.

(3) John Veltheer was appointed the CFO and a director of J55 on June 27, 2018 and the Secretary of J55 on June 29, 2018.

(4) Francesco Aquilini was appointed a director of J55 on June 29, 2018.

(5) Alexander Helmelt was appointed a director of J55 on June 29, 2018.

Stock Options and Other Compensation Securities

During the year ended December 31, 2018, J55 granted the following compensation securities to its directors and NEOs for services provided, or to be provided, directly or indirectly, to J55 or any subsidiary thereof:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities and Percentage of Class ⁽¹⁾	Date of Issue or Grant ⁽²⁾	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant ⁽²⁾	Closing Price of Security or Underlying Security at Year End	Expiry Date
Adrian Montgomery CEO and Director	J55 Options	685,000/685,000 / 36.1%	December 12, 2018	\$0.10	\$0.085	\$0.27	December 14, 2028
John Veltheer CFO, Secretary and Director	J55 Options	300,000/300,000 / 15.8%	December 12, 2018	\$0.10	\$0.085	\$0.27	December 14, 2028
Francesco Aquilini Director	J55 Options	685,000/685,000 / 36.1%	December 12, 2018	\$0.10	\$0.085	\$0.27	December 14, 2028
Alexander Helmelt Director	J55 Options	40,000/40,000 / 2.1%	December 12, 2018	\$0.10	\$0.085	\$0.27	December 14, 2028

Notes:

(1) On a pre-Consolidations basis.

- (2) These J55 Options were issued on closing of the J55 IPO on December 12, 2018, but were not exercisable until December 14, 2018 when the J55 Shares were listed for trading on the TSXV. The “Closing Price of Security or Underlying Security on Date of Grant” reflect the closing price of the J55 Shares on December 14, 2018.

As at the date hereof:

- (a) Adrian Montgomery, the CEO and a director of J55, owns an aggregate of 685,000 compensation securities, comprised solely of J55 Options, each of which is exercisable into one J55 Share at a price of \$0.10 per J55 Share until December 14, 2028;
- (b) John Veltheer, the CFO, Corporate Secretary and a director of J55 owns an aggregate of 300,000 compensation securities, comprised solely of J55 Options, each of which is exercisable into one J55 Share at a price of \$0.10 per J55 Share until December 14, 2028;
- (c) Francesco Aquilini, a director of J55 owns an aggregate of 685,000 compensation securities, comprised solely of J55 Options, each of which is exercisable into one J55 Share at a price of \$0.10 per J55 Share until December 14, 2028; and
- (d) Alexander Helmel a director of J55 owns an aggregate of 40,000 compensation securities, comprised solely of J55 Options, each of which is exercisable into one J55 Share at a price of \$0.10 per J55 Share until December 14, 2028.

All of the J55 Options set out above vested immediately on the date of grant.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by directors and NEOs in the year ended December 31, 2018.

Stock Option Plans and Other Incentive Plans

At the Meeting, J55 Shareholders will be asked to approve the J55 Option Plan, which was adopted by the J55 Board on July 23, 2018, and was amended on July 9, 2019 to make a clerical correction.. The J55 Option Plan provides detailed information about the requirements with respect to stock option grants as mandated by the TSXV. The J55 Option Plan provides that the J55 Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of J55, options to purchase J55 Shares. In addition to J55 Options, the J55 Option Plan also provides for the ability to grant J55 Charitable Options to Eligible Charitable Organizations pursuant to the TSXV Policies.

The J55 Option Plan is a “rolling” stock option plan, whereby the aggregate number of J55 Shares reserved for issuance under the J55 Option Plan, including any other compensation plan or agreement of J55 that contemplates the issuance of J55 Shares, shall not exceed 10% of the total number of issued J55 Shares (calculated on an undiluted basis) at the time a J55 Option is granted. As of the date of this Circular, 1,710,000 J55 Options and 190,000 J55 Charitable Options (each, on a pre-Consolidations basis) have been granted under the J55 Option Plan.

See “Particulars of Matters to be Acted Upon at the J55 Meeting – Approval of the J55 Option Plan” in the Circular for more information.

Employment, Consulting and Management Agreements

J55 is not party to any formal, written employment, consulting or management agreements with any NEO or director.

Oversight and Description of Director and NEO Compensation

As J55 is a CPC, J55 is prohibited from paying any kind of remuneration, including salaries, consulting fees, management fees or directors' fees, to non-arm's length parties until such time as it completes its Qualifying Transaction, except for the granting from time to time of stock options in accordance with the requirements of the TSXV and the J55 Option Plan.

Pension Plan Benefits

J55 does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

Indebtedness of Directors and Executive Officers

None of the directors, executive officers or employees of J55, or Associates of such persons is, or has been, indebted to J55 or any subsidiary thereof, or indebted to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by J55 or any subsidiary thereof at any time since the beginning of the last completed financial year of the J55 and no indebtedness remains outstanding as at the date of this Circular.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as at the date of this Circular.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	Nil	N/A	Nil
Equity compensation plans not approved by securityholders	1,710,000 ⁽¹⁾	\$0.10	Nil
Total	1,710,000	\$0.10	Nil

⁽¹⁾ 1,710,000 J55 Options have been issued under the J55 Option Plan, which was adopted by the J55 Board on July 23, 2018.

Corporate Governance Disclosure

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by J55 in adopting its corporate governance practices. J55's approach to corporate governance is set out below.

Composition of the J55 Board of Directors

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 – *Audit Committees* (“NI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with J55. A “material relationship” is defined as a relationship which could, in the view of the J55 Board, reasonably interfere with the exercise of a director’s independent judgment. Of the current directors, two directors, Adrian Montgomery and John Veltheer are not considered to be “independent” within the meaning of NI 52-110 as they are also the CEO and CFO, respectively, of J55. Francesco Aquilini and Alexander Helmél are considered to be “independent” within the meaning of NI 52-110, as they are not officers of J55 and have no other conflicting relationships with J55.

The J55 Board has appointed an audit committee, consisting of Adrian Montgomery, Francesco Aquilini and Alexander Helmél.

The following directors, officers and promoters of J55 are currently, or have been within the previous five years prior to the date of this Circular directors, officers or promoters of the following reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
John Veltheer	Atom Energy Inc. ⁽¹⁾	CEO, President and Director	August 2016	Present
	Atlas Blockchain Group Inc. ⁽²⁾	Director	November 2013	Present
	Omni Commerce Corp. ⁽²⁾	Director	May 2015	July 2016
	Trakopolis IoT Corp. ⁽²⁾	CEO and President	May 2015	November 2016
		Director	December 2014	November 2016
	Boreal Metals Corp. ⁽²⁾	CFO and Director	June 2014	July 2015
	Tinkerine Studios Ltd. ⁽²⁾	Director	April 2014	August 2015
Alexander Helmél	Trenchant Capital Corp. ⁽²⁾	Director	December 2009	October 2016
	Fandom Sports Media Corp. ⁽³⁾	CFO and Director	September 2015	December 2018
	Global Vanadium Corp. ⁽³⁾	Director	April 2015	Present
	Ynvisible Interactive Inc. ⁽²⁾	President and CEO	March 2006	January 2018
		Director	March 2006	Present
	Global Cannabis Applications Corp. ⁽³⁾	CFO	October 2015	Present
		Director	May 2015	Present
	Block X Capital Corp. ⁽³⁾	CFO	February 2019	Present
		Director	February 2014	October 2015
	Universal Copper Ltd. ⁽²⁾	CFO and Director	May 2017	Present
	Resolve Ventures Inc. ⁽²⁾	CFO and Director	January 2018	Present
	Max Resource Corp. ⁽²⁾	CFO	March 2018	Present
	Trakopolis IoT Corp. ⁽²⁾	Director	December 2014	October 2016

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Francesco Aquilini	Thunderbird Entertainment Group Inc. ⁽²⁾	Director	October 2018	Present
Adrian Montgomery	MJardin Group Inc. ⁽³⁾	Director	February 2019	Present
	Epsilon Energy Ltd. ⁽⁴⁾	Director	July 2013	Present
	ClearStream Energy Services Inc. ⁽⁴⁾	President	December 2014	June 2015
		Director	April 2011	June 2017
	Neptune Wellness Solutions Inc. ⁽⁴⁾	Director	June 2014	July 2015
	NeuroBioPharm Inc. ⁽¹⁾	Director	June 2014	February 2015

⁽¹⁾ Not currently listed on any exchange

⁽²⁾ TSXV

⁽³⁾ Canadian Securities Exchange

⁽⁴⁾ Toronto Stock Exchange

Orientation and Continuing Education

Each new director is given an outline of the nature of J55's business, its corporate strategy and current issues within J55. The J55 Board does not provide any continuing education.

Ethical Business Conduct

The J55 Board has found that the fiduciary duties placed on individual directors by J55's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the J55 Board in which the director has an interest have been sufficient to ensure that the J55 Board operates independently of management and in the best interests of J55. Further, J55's auditor has full and unrestricted access to the audit committee at all times to discuss the audit of J55's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination and Assessment

The J55 Board considers its size each year when it considers the number of directors to recommend to the J55 Shareholders for election at the annual meeting, taking into account the number required to carry out the J55 Board's duties effectively.

The J55 Board does not have a nominating committee. The J55 Board, as a whole, currently performs these functions. However, if there is a change in the number of directors required by J55, this policy will be reviewed.

Compensation

The J55 Board has not created or appointed a compensation committee given the board's current size and stage of development. All tasks related to developing and monitoring J55's approach to the compensation of J55's NEOs and directors are performed by the members of the J55 Board. The compensation of the NEOs, directors and J55's employees or consultants, if any, is reviewed, recommended and approved by the J55 Board without reference to any specific formula or criteria.

Other Board Committees

The J55 Board has no other committees other than the Audit Committee.

Audit Committee Disclosure

Audit Committee Charter

The full text of J55's Audit Committee Charter is disclosed at Appendix 22 to the Circular.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with J55, which could, in the view of the J55 Board, reasonably interfere with the exercise of the member's independent judgment.

The Audit Committee consists of Adrian Montgomery, Francesco Aquilini and Alexander Helm. Mr. Aquilini and Mr. Helm are independent, as that term is defined in NI 52-110. Mr. Montgomery is not considered to be independent under NI 52-110 as he is the CEO of J55.

Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the particular issuer's financial statements. All of the members of J55's Audit Committee are considered by the J55 Board to be financially literate as that term is defined in NI 52-110.

Adrian Montgomery

Mr. Montgomery obtained his Bachelor of Arts from the University of Toronto in 1996 and his LLB/MBA from McGill University in 2000. He was the president of a private equity firm from January 2010 to February 2015, and has a comprehensive understanding of financial statements, their preparation, analysis and interpretation.

Francesco Aquilini

Mr. Aquilini obtained his Bachelor of Arts from the Simon Fraser University in 1984 and his MBA from University of California, Los Angeles in 1994. He has been the managing director of Aquilini Investment Group LP since 1978, and has a comprehensive understanding of financial statements, their preparation, analysis and interpretation.

Alexander Helm

Mr. Helm obtained a Bachelor of Science degree in Mathematics from the University of British Columbia in 1994. Mr. Helm has been an independent management consultant for over 15 years, a director of publicly traded companies since March 2006, and has a comprehensive understanding of financial statements, their preparation, analysis and interpretation.

Audit Committee Oversight

Since the commencement of J55's most recently completed financial year, the Audit Committee of J55 has not made any recommendations to nominate or compensate an external auditor which were not adopted by the J55 Board.

Reliance on Certain Exemptions

Since the commencement of J55's most recently completed financial year, J55 has not relied upon:

- (a) the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52 -110, in whole or in part, granted under Part 8 (*Exemptions*),

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditors Service Fees (By Category)

The aggregate fees billed by J55's external auditors since its incorporation on June 27, 2018 for audit and non-audit fees are as follows:

Financial Year Ended	Audit Fees (\$)	Non-Audit Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2018	20,000	3,500	Nil	Nil

Exemption

J55 is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in Section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

Additional Information

Additional information relating to J55 may be found on SEDAR at www.sedar.com. Financial information about J55 is provided in J55's audited comparative annual financial statements for the period from the date of incorporation (June 27, 2018) to December 31, 2018 and unaudited interim financial statements for the three months ended March 31, 2019, copies of which, together with MD&A with respect thereto, can be found at Appendix 7 and Appendix 8, respectively, to the Circular.

APPENDIX 4 INFORMATION CONCERNING AQUILINI GAMECO INC.

The following information should be read in conjunction with the information concerning GameCo appearing elsewhere in the Circular to which this Appendix 4 is attached. All capitalized terms that are not otherwise defined in this Appendix 4 have the meanings ascribed thereto in the Circular.

The information contained in this Appendix 4 is presented on a pre-Transactions basis and is reflective of the current business, financial and share capital position of GameCo, without giving effect to any components of the Amalgamation or the Arrangement. See “Appendix 6 – Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following completion of the Transactions.

Name and Incorporation

GameCo was incorporated on August 29, 2018 pursuant to the CBCA as Aquilini GameCo Inc. GameCo is not a reporting issuer in any jurisdiction, and the GameCo Shares are not listed or posted for trading on any stock exchange.

In connection with the GameCo Subscription Receipt Offering, the articles of GameCo were amended on March 15, 2019 to remove restrictions on the transfer of securities.

GameCo has its registered and head office at 3800 - 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, Ontario M5J 2Z4.

Intercorporate Relationships

As of the date hereof, GameCo has no subsidiaries. Following completion of the Luminosity Acquisition, GameCo will directly own one hundred percent (100%) of the issued and outstanding shares of Luminosity Canada and own one hundred percent (100%) of the membership interest in Luminosity USA (collectively, the “**Luminosity Interests**”). See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – General Development of the Business”.

General Development of the Business

GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise.

GameCo completed the GameCo Founders Offering on September 28, 2018. Thereafter, GameCo began negotiations and discussions to acquire Luminosity, an esports organization operating in North America and based in Toronto, Canada and continued to develop its operations. GameCo completed the GameCo Private Placement Offering on October 10, 2018. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales”.

On February 14, 2019, GameCo, Luminosity Canada, Luminosity USA and Stephen Maida entered into the Luminosity SPA pursuant to which GameCo agreed to acquire Luminosity on the terms and conditions set forth therein. GameCo expects to complete the Luminosity Acquisition prior to Closing. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”.

On February 22, 2019, GameCo and J55 entered into a letter of intent pursuant to which J55 and GameCo agreed to complete the Acquisition on the terms and conditions set forth therein. In furtherance thereof, on May 30, 2019, GameCo, J55 and Newco entered into the Amalgamation Agreement, which was

amended on June 19, 2019 to account for the exchange of the GameCo Debentures. A copy of the Amalgamation Agreement, as amended, is attached at Appendix 16 to this Circular.

GameCo completed the GameCo Subscription Receipt Offering on March 20, 2019. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales*”.

On May 30, 2019, GameCo, J55 and Enthusiast Gaming entered into the Arrangement Agreement, a copy of which is attached at Appendix 17 to this Circular.

GameCo completed the GameCo Debenture Offering on June 19, 2019. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales*”.

Luminosity

Luminosity Canada was founded in 2015 and is a private corporation incorporated under the OBCA. Luminosity USA was founded in 2017 and is a limited liability company governed by the laws of the State of California.

Shortly after it was founded, Luminosity began providing management and support services to players involved in professional gaming.

By the end of 2018, Luminosity had managed several esports teams, competing across games such as Counter-Strike, Call of Duty, Madden, Smite and Fortnite.

Luminosity engages various streamers, including SypherPK, CDNThe3rd, IamTrevorMay, AriGamePlays and LosPollosTB, and has established relationships with sponsors, such as Universal Music Group, Scuf Gaming, GGbet, CS:GO Wild, Bud Light, Twitch, Zowie, Cyberpower PC, Kinguin, HyperX, Dxracer and EGB.com, and relationships with other sports and entertainment companies, such as Canucks Sports and Entertainment.

On September 27, 2018, Luminosity entered into a consulting agreement with the owners of the OWL Team pursuant to which Luminosity agreed to provide management and support services to the OWL Team (the “**Consulting Agreement**”). The OWL Team recently commenced their first season of competition in the OWL, an esports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game Overwatch. Previously known as RunAway, the team had previously won the Korean Contenders Championship in 2018 and, more recently, won Stage One of the OWL Season 2. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business*”.

Narrative Description of the Business

Principal Services

GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support the growth of its position as esports media enterprise for esports teams, players, streamers, audiences and enthusiasts. GameCo’s enterprise will be made up of interrelated operations that are intended to derive revenue from assets acquired by GameCo across the esports value chain, including, upon completion of the Luminosity Acquisition, revenue derived from the provision of management and support services to players involved in professional gaming.

GameCo intends to enter into the management services agreement (the “**Management Services Agreement**”) with the owners of the OWL Team, which will replace the Consulting Agreement and pursuant to which GameCo will provide management, consulting and operational services to the OWL Team. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA – Management Services Agreement*”. In addition, GameCo expects to enter into an agreement with the owners of the OWL Team, to acquire a non-controlling interest in the OWL Team (the “**OWL Acquisition Agreement**”).

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising.

Operations

GameCo intends to provide management and services agreements to team owners as well as individual players and streamers and in connection therewith, enter into management services agreements and individual, player or streamer agreements. The terms of each of these agreements may differ and services may be provided in different ways, including in-person or remotely and as a consultant or as a representative. Similarly, GameCo intends to merchandise products and engage in marketing initiatives, and in connection therewith, enter into different forms of agreements, including sponsorship or licensing agreements. The terms of each of these agreements may differ and products and services may be provided in different ways and on different platforms, including in-person at retail stores or live events or online through websites or in-game.

The branding of GameCo is particularly important to its marketing initiatives and its ability to gain traction in the industry and engage marketing partners such as sponsors. The outcome of any contest, competition, or tournament for the teams and players that GameCo intends to manage and provides services to may affect the ability for GameCo to strengthen its brand. GameCo’s believes its business will depend on identifiable intangible properties such as brand names. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Proprietary Protection*”.

Esports entities that rely on marketing initiatives as a source of revenue will need to have a large following in order to enable marketing partners to generate revenue by leveraging this following.

Specialized skill and knowledge is necessary to capitalize on significant trends in the esports industry. To that end, GameCo has retained a management team that has business acumen, sports and entertainment experience and industry connections. See “*Appendix 6 – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*”. Further, GameCo intends to enter into the VALP Services Agreement with VALP pursuant to which the VALP will provide infrastructure to GameCo: specifically, VALP will agree to provide to GameCo services and support with respect to, among other things, sponsorship sales, marketing and branding, content creation, social media, facilities and stadium usage, mental and physical training, executive leadership, and business development. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA – Management Services Agreement*”.

Market

Esports, or electronic sports, is the evolution of video gaming. Esports typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues, tournaments or other competitions and

matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships. According to the Global esports Market Report by Newzoo, the esports industry is expected to continue to grow, and, further, is one of the fastest growing entertainment categories globally with revenues expected to surpass US\$1.6B in 2021.

Marketing Plans and Strategies

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising. To that end, GameCo expects to continue expanding its footprint in the esports industry and generally continue identifying and pursuing opportunities to acquire or invest in complementary businesses, including managing and investing in new teams and building a roster of streamers and influencers. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description Of The Business” and “Appendix 6 – Information Concerning the Resulting Issuer – Business Objectives and Milestones”.

Competitive Conditions

The esports industry’s main audience has been the demographic cohort known as “Millennials” or “Generation Y”. As such, GameCo generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

GameCo’s main competitors include:

- OverActive Media Group (“**OverActive**”) is a professional esports ownership group that owns the Toronto Defiant, a team that competes in OWL. GameCo competes with OverActive for sponsorships and potential acquisition targets, as well as for monetizable esports industry participants such as streamers, talent and influencers.
- ESPN Inc. (“**ESPN**”) hosts, produces and broadcasts an annual extreme sports competition called “X Games”. In recent years, X Games has included esports events. GameCo competes with ESPN for sponsorships.
- aXiomatic Gaming (“**aXiomatic**”) is an entertainment and sports management company that owns a controlling interest in Team Liquid, a professional esports team that competes in numerous esports leagues and events globally. GameCo competes with aXiomatic for sponsorships and potential acquisition targets, as well as for monetizable esports industry participants such as streamers, talent and influencers.
- Cloud9 is an esports organization which manages professional esports teams in multiple leagues and events, including the London Spitfire in the OWL. GameCo competes with Cloud9 for sponsorships and potential acquisition targets, as well as for monetizable esports industry participants such as streamers, talent and influencers.
- Team SoloMid is an esports organization which manages professional esports teams in multiple leagues and events. GameCo competes with Team SoloMid for sponsorships and potential acquisition targets, as well as for monetizable esports industry participants such as streamers, talent and influencers.

Due to the esports industry's potential for growth and monetization, GameCo expects to face additional competition from new entrants and increasing competition from established companies in the industry.

See "Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description Of The Business" and "Appendix 6 – Information Concerning the Resulting Issuer – Business Objectives and Milestones". See also the risk factors discussed under the heading "Risk Factors" contained in the Circular.

Future Developments

In order for GameCo to develop any merchandise and products, it will need to continue to develop its business and brand by pursuing the following developments:

- Adopting a data-driven approach (through its Phase 1 and Phase 2 CRM Plans) to acquire information that will enable GameCo to create a database of information about its customers and esports fans. GameCo intends to use the information it acquires to, among other things, develop customized content that can be monetized to increase sponsorship revenue.
- Entering into the VALP Services Agreement (see Material Contracts – VALP Services Agreement above) and the Management Services Agreement. See "Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts" below.
- Building a content and communications support team through internal hiring and otherwise.
- Expanding into new game titles and acquiring and managing an expanded roster of participants such as competitive gamers, teams, team managers, streamers, game developers and viewing platforms, the extent of which will be determined by the market opportunity at the relevant times.
- Building its sales and management teams.

See "Appendix 4 – Information Concerning Aquilini GameCo Inc. – Business Objectives and Milestones". See also the risk factors discussed under the heading "Risk Factors" contained in the Circular.

Proprietary Protection

GameCo currently relies on Canada's common law for proprietary protection of its copyrights and trademarks. GameCo is actively investigating its ability to apply for other forms of proprietary protection, including registering the "#LGLOYAL" hashtag and "Luminosity Gaming" as trademarks. GameCo intends to continually monitor and evaluate the copyright and trademarks used by its digital assets, to identify copyright and trademarks that may benefit from proprietary protections beyond those available to GameCo under Canada's common law.

See the risk factors discussed under the heading "Risk Factors – Risks Relating to the Resulting Issuer's Operations – Intellectual Property" contained in the Circular.

Other

GameCo does not currently have any products not at the commercial stage, nor does it have any products that will not be in commercial production at the conclusion of a proposed development program.

GameCo does not have any investment policies regarding lending and investment restrictions.

Since its incorporation GameCo has not been subject to any bankruptcy, receivership or similar proceedings, and there have not been any material reorganizations of GameCo.

Significant Acquisitions

Since its incorporation GameCo has completed no significant acquisitions or dispositions for which disclosure is required in this Circular pursuant to the policies of the TSXV; however, GameCo will complete the Luminosity Acquisition prior to Closing, which acquisition is considered a significant acquisition for which disclosure is required in this Circular. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”.

Selected Financial Information and Management’s Discussion and Analysis

Annual Information

The following selected financial information of GameCo is subject to the detailed information contained in the financial statements of GameCo and related notes thereto contained in Appendix 9 of this Circular. The selected financial information is derived from the audited financial statements of GameCo for the period from August 29, 2018 (incorporation) to December 31, 2018.

	For the period from August 29, 2018 (incorporation) to December 31, 2018 (audited) (\$)
Operating Data:	
Total Revenue	Nil
Total Expenses	384,105
Income (Loss) from Continuing Operations	(384,105)
Net Income (Loss)	(384,105)
Income (Loss) per Share – Basic and Fully Diluted	(0.00)
Dividends	Nil
Balance Sheet Data:	
Total Current Assets	5,865,179
Total Assets	5,865,179
Total Current Liabilities	421,538
Total Long-Term Financial Liabilities	Nil
Shareholders’ Equity (deficit)	5,443,641

Quarterly Information

The following selected financial information of GameCo is subject to the detailed information contained in the financial statements of GameCo and related notes thereto contained in Appendix 9 of this Circular. As of March 31, 2019, GameCo was not a reporting entity and did not prepare quarterly results prior to the three months ended March 31, 2019. The selected financial information is derived from the unaudited condensed quarterly financial statements of GameCo for the most recently completed quarter ended March 31, 2019:

	For the three months ended March 31, 2019 (unaudited) (\$)
Operating Data:	
Total Revenue	Nil
Total Expenses	371,978
Income (Loss) from Continuing Operations	(371,978)
Net Income (Loss)	(371,978)
Income (Loss) per Share – Basic and Fully Diluted	(0.00)
Dividends	Nil
Balance Sheet Data:	
Total Current Assets	29,854,729
Total Assets	29,854,729
Total Current Liabilities	1,522,388
Total Long-Term Financial Liabilities	Nil
Shareholders' Equity (deficit)	28,322,341

Management's Discussion and Analysis

GameCo's MD&As period from August 29, 2018 (incorporation) to December 31, 2018 and the three months ended March 31, 2019 are attached as Appendix 10 to this Circular.

Trends

GameCo is not currently aware of any trends, commitments, events or uncertainties, that reasonably can be expected to have a material effect on GameCo's business, financial condition, or results of operations other than as described in this Circular and, in particular, under "Appendix 6 – Information Concerning the Resulting Issuer – Risk Factors".

Description of Securities

The authorized share capital of GameCo consists of an unlimited number of common shares (previously defined as the **GameCo Shares**). There are 163,694,724 GameCo Shares issued and outstanding. In addition, GameCo Shares are reserved for issuance or proposed to be reserved for issuance as follows:

- 83,334,000 GameCo Shares for issuance upon conversion of the GameCo Subscription Receipts;
- 2,460,020 GameCo Shares for issuance pursuant to the GameCo Agent's Fee;
- 1,666,667 GameCo Shares for issuance pursuant to the advisor's fees in connection with the Qualifying Transaction;
- 60,000,000 GameCo Shares a for issuance in connection with the Luminosity Acquisition and the Maida Employment Agreement;
- 1,333,332 GameCo Shares for issuance in connection with a proposed consulting agreement;
- 9,900,000 GameCo Shares for issuance upon the exercise of outstanding GameCo Options;

- 2,181,690 GameCo Shares for issuance upon the exercise of GameCo Warrants; and
- 22,222,222 GameCo Shares for issuance upon the conversion of outstanding GameCo Debentures.

The securities of GameCo cannot be transferred, except in accordance with Applicable Securities Laws.

Other than as described below, there are no other options, warrants, debentures or other convertible securities to acquire GameCo Shares currently outstanding.

Common Shares

The holders of GameCo Shares are entitled to receive notice of and to attend all meetings of the shareholders of GameCo and shall have one vote for each GameCo Share held at all meetings of the shareholders of GameCo. The holders of GameCo Shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of GameCo properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of GameCo (after payment of all outstanding debts) in the event of any dissolution of GameCo. The holders of the GameCo Shares have no redemption or conversion rights. The holders of the GameCo Shares have no pre-emptive rights.

Subscription Receipts

Each GameCo Subscription Receipt is exercisable for one GameCo Share at no additional consideration upon satisfaction of certain release conditions. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering*”.

GameCo Warrants

Each GameCo Warrant is exercisable until October 10, 2020 for one GameCo Share at an exercise price of \$0.10 per GameCo Share.

Stock Options

On May 27, 2019, GameCo adopted a stock option plan, pursuant to which GameCo is permitted to issue options equal to 9,900,000 GameCo Shares. Each such option is exercisable for one GameCo Share at an exercise price of \$0.30 and having a 5 year term, vesting as follows (i) 10% immediately upon the date of grant; (ii) 20% upon 6 months from the date of grant; (iii) 20% upon 12 months from the date of grant; (iv) 20% upon 18 months from the date of grant; (v) 20% upon the 24 months from the date of grant; and (vi) 10% upon 30 months from the date of grant. Pursuant to the GameCo Option Plan, GameCo has issued or allocated for issuance 9,900,000 options to its directors, officers, employees and consultants. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table*”.

The purpose of the GameCo Option Plan is to provide GameCo with a share-related mechanism to attract, retain and motivate directors, employees and consultants whose skills, performance and loyalty to GameCo are necessary to its image, reputation or activities. The aggregate number of GameCo Shares available for issuance under options to be granted under the GameCo Option Plan is initially limited to 9,900,000 GameCo Shares. Any GameCo Shares subject to an option that, for any reason, has been cancelled or terminated without having been exercised, will again be available for issuance under this GameCo Option Plan. The GameCo Board has the right, in its sole discretion, to alter, amend, suspend or terminate the GameCo Option Plan from time to time and at any time without consent of any participants

to the Plan whether or not such participant is affected by the alteration, amendment, suspension or termination.

Convertible Debentures

The GameCo Debentures have a maturity date of June 30, 2020, bear interest at a rate of 8.0% per annum in the event the Arrangement is not completed by the maturity date, are convertible into GameCo Shares at a conversion price of \$0.45 per share at the option of the holder on the date of satisfaction of the Escrow Release Conditions, and which will automatically convert into post-First Consolidation J55 Shares at a conversion price of \$0.45 per share upon the Arrangement Closing.

The GameCo Debentures were issued under an indenture between GameCo and Computershare Trust Company of Canada dated June 19, 2019. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Debenture Offering”.

Promissory Note

See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note and Pledge Agreement”.

Consolidated Capitalization

Consolidated Capital

The following outlines those material changes in the share and loan capital of GameCo on a consolidated basis, since December 31, 2018, the date of the comparative financial statements for GameCo’s most recently completed financial year:

Designation of Security	Amount Authorized	Amount Outstanding as of December 31, 2018	Amount Outstanding as of the date hereof
Common Shares	Unlimited	159,011,600	163,694,724 ⁽¹⁾

⁽¹⁾ 185,229,182 GameCo Shares are reserved or are proposed to be reserved for issuance. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Description of Securities” above for the exercise price and expiry date of GameCo Shares subject to option under the section “Stock Options” and information regarding all other convertible securities outstanding under the sections “Subscription Receipts”, “GameCo Warrants” and “Convertible Debentures” .

⁽²⁾ As at March 31, 2019, the retained earnings (deficit) of the GameCo was (\$756,083). See “Appendix 9 – Aquilini GameCo Inc. Financial Statements”.

GameCo intends to issue a Promissory Note to Stephen Maida prior to Closing. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note”.

Prior Sales

The only sales of securities of GameCo during the 12 months prior to the date of this Circular are set forth below.

On August 29, 2018, the date of GameCo's incorporation, GameCo issued 100 GameCo Shares to Francesco Aquilini at a subscription price of \$0.01 per GameCo Share.

GameCo Founders Offering

On September 28, 2018, GameCo issued 102,000,000 GameCo Shares at a subscription price of \$0.005 per GameCo Share, for total gross proceeds of \$510,000. Under the GameCo Founders Offering, the following Non-Arm's Length Parties of GameCo subscribed for GameCo Shares:

- Adrian Montgomery subscribed for 22,500,000 GameCo Shares
- Francesco Aquilini subscribed for 22,500,000 GameCo Shares

See "*Appendix 4 – Information Concerning Aquilini GameCo Inc. – General Development of the Business*".

GameCo Private Placement Offering

On October 10, 2018 GameCo completed the GameCo Private Placement Offering whereby it issued 57,011,500 GameCo Shares at a price of \$0.10 per share for gross proceeds of \$5,701,150. Under the GameCo Private Placement Offering, the following Non-Arm's Length Parties of GameCo subscribed for GameCo Shares:

- Adrian Montgomery subscribed for 250,000 GameCo Shares

In connection with the GameCo Private Placement Offering, Canaccord Genuity Corp., in consideration for its services as a finder, received (i) 2,181,690 GameCo Warrants and (ii) \$318,596 in cash.

See "*Appendix 4 – Information Concerning Aquilini GameCo Inc. – General Development of the Business*".

GameCo Subscription Receipt Offering

The GameCo Subscription Receipt Offering consisted of a brokered private placement of 83,334,000 GameCo Subscription Receipts at a price of \$0.30 per subscription receipt and closed on March 20, 2019 for aggregate gross proceeds of \$25,000,200.

In connection with the issuance of GameCo Subscription Receipts pursuant to the GameCo Agency Agreement, GameCo entered into the Subscription Receipt Agreement on March 20, 2019 with the GameCo Agent and Computershare Trust Company as subscription receipt agent.

The Subscription Receipt Agreement provides that the gross proceeds shall be held in escrow with the Computershare Trust Company of Canada (as subscription receipt agent), until certain release conditions (the "**Escrow Release Conditions**") are satisfied or waived by the subscriber to the satisfaction of the GameCo Agent on or prior to July 18, 2019, or such later date as the GameCo Agent may agree to in its sole discretion, acting reasonably (the "**Escrow Release Deadline**"). On June 19, 2019, the GameCo Agent agreed to extend the Escrow Release Deadline to August 31, 2019. The Escrow Release Conditions include:

- (a) the execution of the Amalgamation Agreement, and the satisfaction or waiver of all conditions precedent in the Amalgamation Agreement to the satisfaction of the GameCo Agent;

- (b) the execution of the Luminosity SPA, and the satisfaction or waiver of all the conditions precedent in the Luminosity SPA to the satisfaction of the GameCo Agent;
- (c) the receipt of all regulatory, shareholder and third party approvals required in connection with the Amalgamation and the Luminosity Acquisition;
- (d) GameCo not being in breach or default of any of its covenants or obligations under the GameCo Agency Agreement and the Subscription Receipt Agreement; and
- (e) the delivery of a release notice by GameCo and the GameCo Agent to Computershare Trust Company in accordance with the terms of the Subscription Receipt Agreement.

In connection with the GameCo Subscription Receipt Offering, GameCo is required to pay to the GameCo Agent a fee equal to 6% of the aggregate gross proceeds of the GameCo Subscription Receipt Offering, other than proceeds from the sale of GameCo Subscription Receipts to certain subscribers for which the GameCo Agent is entitled to a fee of 3% (the “**GameCo Agent’s Fee**”). The foregoing fee is payable in cash or in GameCo Shares, in the GameCo Agent’s sole discretion, with 50% of the fee having been paid in cash on the closing date of the GameCo Subscription Receipt Offering, for an aggregate fee of \$738,006, and the remaining 50% being payable on the satisfaction of the Escrow Release Conditions on the Escrow Release Deadline.

Pursuant to the Amalgamation, each GameCo Share issued pursuant to a GameCo Subscription Receipt will be exchanged for similar securities of the Resulting Issuer on a one for one basis.

See also “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts*”.

Hybrid Financial Ltd. Marketing Agreement

Pursuant to a marketing agreement dated February 22, 2019, GameCo engaged Hybrid Financial Ltd. (“**Hybrid**”) to provide marketing services relating to GameCo’s Subscription Receipt Offering (the “**Hybrid Marketing Agreement**”). Under the Hybrid Marketing Agreement, Hybrid was to be paid a one-time fee of \$56,000. In satisfaction of this fee, on March 21, 2019, GameCo issued 188,333 GameCo Shares to Hybrid at a deemed price of \$0.30 per GameCo Share. Hybrid has offices in Toronto, Ontario and Montreal, Québec.

Market One Media Group Inc. Media Services Contract

Pursuant to a media services contract dated April 8, 2019, GameCo engaged Vancouver, British Columbia-based Market One Media Group Inc. (“**MMG**”) to provide ongoing media consulting services from April 8, 2019 to April 8, 2020 (the “**MMG Services Contract**”). Under the MMG Services Contract, MMG will be paid a total fee of \$225,000 (plus GST) in four tranches. In satisfaction of this fee: (1) on April 8, 2019, GameCo issued 196,875 GameCo Shares to MMG at a deemed price of \$0.30 per GameCo Share; (2) on July 20, 2019, GameCo issued 131,250 GameCo Shares to MMG at a deemed price of \$0.45 per GameCo Share; (3) \$56,250 (plus GST) will be payable to MMG in cash on October 8, 2019; and (4) \$56,250 (plus GST) will be payable to MMG in cash on January 8, 2020.

One Blue Umbrella, LLC f/s/o Tory Lanez Term Sheet

Pursuant to a binding term sheet dated April 15, 2019, GameCo engaged One Blue Umbrella, LLC f/s/o the artist known as Tory Lanez (“**Lanez**”) to provide promotional services to GameCo (the “**Lanez Term Sheet**”). In accordance with the Lanez Term Sheet, on April 15, 2019 GameCo issued to Lanez 4,166,666 GameCo Shares at an issue price of \$0.30 per share (the “**Lanez Shares**”). The Lanez Shares are subject to

a two-year lock-up period, with: (i) 10% to be released upon Closing, (ii) 30% to be released six months after Closing, (iii) 30% to be released fifteen months after closing, and (iv) 30% to be released twenty-four months after Closing.

GameCo Debenture Offering

On June 20, 2019, GameCo completed the GameCo Debenture Offering which consisted of a brokered private placement of an aggregate principal amount of \$10,000,000 in GameCo Debentures. The GameCo Debentures have a maturity date of June 30, 2020, bear interest at a rate of 8.0% per annum in the event the Arrangement is not completed by the maturity date, are convertible into GameCo Shares at a conversion price of \$0.45 per share at the option of the holder on the date of satisfaction of the Escrow Release Conditions, and which will automatically convert into J55 Shares at a conversion price of \$0.45 per share upon the Arrangement Closing.

The net proceeds from the GameCo Offering were used by GameCo to extend a \$10,000,000 bridge loan (the “**Bridge Loan**”) to Enthusiast Gaming. All principal and unpaid interest under the Bridge Loan will be due and payable by Enthusiast Gaming to GameCo on the earlier of (i) June 20, 2020, and (ii) the date of the Arrangement Closing). See also “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts*”.

Mandell Consulting Agreement

GameCo intends to enter into the Mandell Consulting Agreement with Mandell Entertainment, pursuant to which GameCo will cause J55 to issue up to 3,333,333 post-First Consolidation Shares to Mandell Entertainment in consideration of consulting services to be provided to GameCo. See also “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Management Contracts and Other Contracts – Mandell Consulting Agreement*”.

Domi Consulting Agreement

GameCo intends to enter into a consulting services agreement with TECHD Trust Inc. and MD Inc. (each a “**Domi Consultant**”) to make Mr. Tie Domi and Mr. Max Domi available to provide promotional services to GameCo (the “**Domi Consulting Agreement**”). In accordance with the proposed Domi Consulting Agreement, GameCo expects to issue to each of the Domi Consultants 666,666 GameCo Shares at an issue price of \$0.45 per share (the “**Domi Shares**”). The Domi Shares will be subject to a two-year lock-up period, with: (i) 10% to be released upon the Amalgamation Closing, (ii) 20% to be released six months after the Amalgamation Closing, (iii) 20% to be released twelve months after closing, (iv) 25% to be released eighteen months after the Amalgamation Closing and (iv) 25% to be released twenty-four months after the Amalgamation Closing.

The Domi Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the GameCo Shares thereunder and the issue price of such shares remain subject to TSXV approval.

Luminosity Acquisition

Pursuant to the Luminosity SPA, GameCo expects to issue 60 million GameCo Shares and 2 million GameCo Options to Stephen Maida. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA*” and “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table*”.

Stock Exchange Price

None of the securities of GameCo are, or have been, posted for trading on any stock exchange.

Executive Compensation

Compensation Discussion and Analysis

GameCo does not have a formal compensation program. GameCo's officers are compensated based on fixed monthly amounts and are paid indirectly under different agreements. See "Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Management and Other Contracts" below. In establishing compensation amounts, GameCo relies solely on board discussion without any formal objectives, criteria and analysis outside of ensuring the amounts and terms are market in accordance comparable entities.

Summary Compensation Table

The following table sets forth all compensation paid to or earned by GameCo's Named Executive Officers (as defined in NI 51-102) for the three month period ended March 31, 2019 and the financial year of GameCo ended December 31, 2018:

Name and principal position	Period	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Adrian Montgomery Chief Executive Officer ⁽²⁾⁽³⁾	Q1 2019	\$75,000	-	-	-	-	-	-	\$75,000
	2018	\$50,000	-	-	-	-	-	-	\$50,000
John Veltheer Chief Financial Officer ⁽¹⁾	Q1 2019	-	-	-	-	-	-	-	
	2018	-	-	-	-	-	-	-	
Francesco Aquilini Chairman of the Board ⁽²⁾⁽³⁾	Q1 2019	-	-	-	-	-	-	-	
	2018	-	-	-	-	-	-	-	
Alex Macdonald Chief Financial Officer ⁽¹⁾	Q1 2019	\$28,333 ⁽¹⁾	-	-	-	-	-	-	\$28,333
	2018	-	-	-	-	-	-	-	-

Notes:

⁽¹⁾ Alex Macdonald became Chief Financial Officer on February 14, 2019.

⁽²⁾ These individuals are also directors of GameCo but do not receive any compensation in that capacity.

- (3) Concurrently with the closing of the Luminosity Acquisition and pursuant to the terms of the Luminosity SPA, GameCo will enter into an employment agreement (the “**Maida Employment Agreement**”) with Stephen Maida, pursuant to which Stephen Maida will be appointed to serve as President and Chief Executive Officer of GameCo. His annual base salary will be \$300,000 and he will be entitled to an annual discretionary bonus of up to 30% of his base salary. In addition to the annual bonus, Stephen Maida will be entitled to additional bonuses relating to the performance of the OWL Team during the period that GameCo is providing management services to the OWL Team. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Description of the Securities – Stock Options”.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

There are no outstanding share-based awards and option-based awards for the Named Executive Officers of GameCo as of December 31, 2018. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Description of the Securities – Stock Options”. On May 27, 2019, GameCo adopted a stock option plan, pursuant to which GameCo is permitted to issue options equal to 9,900,000 GameCo Shares. Each such option is exercisable for one GameCo Share at an exercise price of \$0.30 and having a 5 year term, vesting as follows (i) 10% immediately upon the date of grant; (ii) 20% upon 6 months from the date of grant; (iii) 20% upon 12 months from the date of grant; (iv) 20% upon 18 months from the date of grant; (v) 20% upon the 24 months from the date of grant; and (vi) 10% upon 30 months from the date of grant. Pursuant to the Option Plan, GameCo has issued or allocated for issuance: 1,000,000 options to Francesco Aquilini; 3,000,000 options to Adrian Montgomery; 2,000,000 options to Stephen Maida; 1,500,000 options to Alex Macdonald; 750,000 options to John Veltheer; 500,000 options to Michael Beckerman; and 1,150,000 options to other GameCo directors, officers, employees and consultants. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table”.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2018

No incentive plan awards were vested or earned for the Named Executive Officers of GameCo during the financial year ended December 31, 2018.

Pension Plan Benefits

GameCo does not currently have, nor does it intend to enact, a deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

GameCo does not have any arrangements in place for the provision or change of control benefits, nor any pension or retirement plan, applicable to Named Executive Officers. GameCo has not provided compensation, monetary or otherwise, during the most recently completed financial year to December 31, 2018, to any person who now or previously acted as a Named Executive Officer of GameCo, in connection with or related to the retirement, termination or resignation of such person, and GameCo has provided no compensation to any such person as a result of a change of control of GameCo. Except as otherwise disclosed herein, GameCo is not party to any compensation plan or arrangement with a Named Executive Officer resulting from the resignation, retirement or termination of employment of any such person, except as otherwise disclosed herein. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Management and Other Contracts” below.

Director Compensation

There are no directors of GameCo who are not Named Executive Officers. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table”.

Management Contracts and Other Contracts

No management functions of GameCo are to any substantial degree performed by a Person other than the directors or officers of GameCo.

Adrian Montgomery

Adrian Montgomery entered into an employment agreement with GameCo on May 1, 2019 (the “**Montgomery Employment Agreement**”), which replaced a previous agreement pursuant to which Adrian Montgomery was previously compensated indirectly as an officer of GameCo. Under the Montgomery Employment Agreement, Mr. Montgomery shall serve as Chief Executive Officer of GameCo. Additionally, he is entitled to a base annual salary of \$300,000, and will be entitled to an annual discretionary bonus of up to 50% of his base annual salary. Mr. Montgomery is also entitled to additional bonus payments upon achievement of certain milestones, including: (i) \$100,000 upon completion of the Amalgamation; (ii) \$200,000 upon completion by GameCo of any acquisition or business combination having a value in excess of \$50,000,000 (excluding the Amalgamation); (iii) \$100,000 for every 50% increase in GameCo’s or the Resulting Issuer’s trading price, as the case may be, based on the 20-day volume weighted average price as at December 31 of each year, with \$0.40 being the base price for the purpose of the first comparison as at December 31, 2019; (iv) \$100,000 upon GameCo or the Resulting Issuer, as the case may be, first achieving a positive earnings per share and \$100,000 for every subsequent 25% increase in GameCo’s or the Resulting Issuer’s, as the case may be, earnings per share as compared to the earnings per share in the immediately prior quarterly or annual reporting period, as applicable; and (v) \$500,000 upon the sale of a majority equity position in GameCo to a third party (excluding any sale or business combination in connection with certain transactions).

Mr. Montgomery is also entitled to receive options of GameCo in such amounts as are determined by the GameCo Board or the GameCo Compensation Committee, as applicable, from time to time and is permitted certain allowances for expenses incurred in connection with his position. Under the Montgomery Employment Agreement, if Mr. Montgomery’s employment is terminated without cause by GameCo, or Mr. Montgomery terminated his employment for good reason or upon a change of control (as defined in the employment agreement), all stock options granted to Mr. Montgomery as of or prior to the date of termination shall be deemed to vest in full effect as of the date of termination and the period for exercising such stock options will be extended for a period of 24 months following the date of termination.

The Montgomery Employment Agreement may be terminated for just cause by GameCo if Mr. Montgomery: (i) fails (on a continued basis) to perform his duties in any material respect according to the terms of the employment agreement; (ii) does or omits (or causes or authorizes to be omitted) any act or thing that is harmful or injurious to GameCo or any of its affiliates in any material respect, monetarily or otherwise; (iii) is convicted of or pleads guilty or *nolo contendere* to a crime that constitutes a felony involving an act of dishonesty, misappropriation, willful misconduct, theft, fraud, or any other reprehensible behaviour or activity, that has a direct and materially adverse effect on GameCo; (iv) is subject to any regulatory directive, sanction or order, resulting from the actions of the Mr. Montgomery, that precludes Mr. Montgomery, in any material respect, from fulfilling his duties; (v) breaches any of his fiduciary duties to GameCo in any material respect which has a direct and materially adverse effect on GameCo; (vi) makes any unauthorized willful or grossly negligent disclosure of GameCo’s confidential information; and/or (vii) commits a material breach of his duties to GameCo under the Montgomery Employment Agreement that results in material harm to GameCo.

GameCo may terminate the Montgomery Employment Agreement without just cause provided that it pay to Mr. Montgomery (i) if the termination occurs during the first 12 months of the term of the employment agreement, a lump sum payment equal to 36 months times \$25,000 plus an additional

amount equal to 50% of the foregoing product, or (ii) if the termination occurs after the first 12 months of the term of the employment agreement, a lump sum payment equal to the number of months remaining on the term, subject to a minimum of 24 months, times \$25,000 plus an additional amount equal to 50% of the foregoing product. In addition, if GameCo terminates Mr. Montgomery without just cause, GameCo must provide to Mr. Montgomery: (i) any declared but unpaid annual bonus amounts, (ii) any unpaid business expenses, and (iii) any accrued but unused vacation. In addition, if GameCo terminates Mr. Montgomery without just cause, it must continue Mr. Montgomery's benefits for a period of 15 months following the date of termination. Mr. Montgomery may elect to terminate the Montgomery Employment Agreement within 30 days of the occurrence of a change of control of GameCo (as defined in the Montgomery Employment Agreement), and upon such election, shall be entitled to the same termination benefits described above.

Mr. Montgomery is committed to typical non-competition and non-solicitation covenants during his employment and for the 12 month period thereafter and typical confidentiality covenants during and after his employment.

Alex Macdonald

Alex Macdonald entered into an employment agreement with GameCo on May 1, 2019 (the "**Macdonald Employment Agreement**"), which replaced a previous agreement pursuant to which Mr. Macdonald was previously compensated indirectly as an officer of GameCo. Under the Macdonald Employment Agreement, Mr. Macdonald shall serve as Chief Financial Officer of GameCo. Additionally, he is entitled to a base annual salary of \$200,000, and will be entitled to an annual discretionary bonus of 30% of his base annual salary. Mr. Macdonald is also entitled to additional bonus payments upon achievement of certain milestones, including: (i) \$25,000 upon completion of the Amalgamation; (ii) \$50,000 upon completion by GameCo of any acquisition or business combination having a value in excess of \$50,000,000 (excluding the Amalgamation); and (iii) \$125,000 upon the sale of a majority equity position in GameCo to a third party (excluding any sale or business combination in connection with certain transactions).

Mr. Macdonald is also entitled to receive options of GameCo in such amounts as are determined by the GameCo Board or the Compensation Committee, as applicable, from time to time and is permitted certain allowances for expenses incurred in connection with his position. Under the Macdonald Employment Agreement, if Mr. Macdonald's employment is terminated without cause by GameCo, or Mr. Macdonald terminated his employment for good reason or upon a change of control (as defined in the employment agreement), all stock options granted to Mr. Macdonald as of or prior to the date of termination shall be deemed to vest in full effect as of the date of termination and the period for exercising such stock options will be extended for a period of 12 months following the date of termination.

The Macdonald Employment Agreement may be terminated for just cause by GameCo if Mr. Macdonald: (i) fails (on a continued basis) to perform his duties in any material respect according to the terms of the employment agreement; (ii) does or omits (or causes or authorizes to be omitted) any act or thing that is harmful or injurious to GameCo or any of its affiliates in any material respect, monetarily or otherwise; (iii) is convicted of or pleads guilty or *nolo contendere* to a crime that constitutes a felony involving an act of dishonesty, misappropriation, willful misconduct, theft, fraud, or any other reprehensible behaviour or activity, that has a direct and materially adverse effect on GameCo; (iv) is subject to any regulatory directive, sanction or order, resulting from the actions of the Mr. Macdonald, that precludes Mr. Macdonald, in any material respect, from fulfilling his duties; (v) breaches any of his fiduciary duties to GameCo in any material respect which has a direct and materially adverse effect on GameCo; (vi) makes any unauthorized willful or grossly negligent disclosure of GameCo's confidential information; and/or (vii) commits a material breach of his duties to GameCo under the Macdonald Employment Agreement that results in material harm to GameCo.

GameCo may terminate Mr. Macdonald's employment agreement without just cause provided that it pay to Mr. Macdonald a lump sum payment equal to his base salary for 15 months plus an additional amount equal to 30% of his base salary for 15 months, any declared but unpaid annual bonus amounts, any unpaid business expenses and any accrued but unused vacation. In addition, if GameCo terminates Mr. Macdonald without just cause, it must continue Mr. Macdonald's benefits for a period of 15 months following the date of termination. Mr. Macdonald may elect to terminate the Macdonald Employment Agreement within 30 days of the occurrence of a change of control of GameCo (as defined in the Macdonald Employment Agreement), and upon such election, shall be entitled to the same termination benefits described above.

Mr. Macdonald is committed to typical non-competition and non-solicitation covenants during his employment and for the 12 month period thereafter and typical confidentiality covenants during and after his employment.

Corey Mandell

It is expected that GameCo, Enthusiast Gaming and Mandell Entertainment Group Inc. ("**Mandell Entertainment**") will enter into a consulting agreement (the "**Mandell Consulting Agreement**") pursuant to which Mandell Entertainment and Corey Mandell, as the principal of Mandell Entertainment, will agree to provide certain business and marketing services to GameCo. As consideration for such services, GameCo shall cause to be issued to Mandell Entertainment up to a maximum of 3,333,333 post-First Consolidation J55 Shares at a deemed price of \$0.45 per share, which shares shall be subject to resale and lock-up restrictions as further described in the Mandell Consulting Agreement. These resale restrictions will include that such shares will vest and be released from escrow in three tranches as follows, provided that the Mandell Consulting Agreement remains in force and effect and Mandell Entertainment and Mr. Mandell are continuing to provide the prescribed services under the Mandell Consulting Agreement on each release date: (i) 1,111,111 shares on the Arrangement Effective Date, (ii) 1,111,111 shares on the first anniversary of signing the Mandell Consulting Agreement, and (iii) 1,111,111 shares on the second anniversary of signing the Mandell Consulting Agreement. The J55 Shares issuable under the Mandell Consulting Agreement shall be later consolidated into 416,666 Resulting Issuer Shares at a deemed price of \$3.60 per Resulting Issuer Share upon completion of the Second Consolidation.

The Mandell Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the J55 Shares thereunder and the issue price of such shares remain subject to TSXV approval.

Non-Arm's Length Party Transactions

Other than the transactions contemplated in the Maida Employment Agreement, the employment agreements with Mr. Montgomery and Mr. Macdonald, the Pledge Agreement (as defined below), the Promissory Note, Management Services Agreement, the OWL Acquisition Agreement, the Luminosity SPA, the Hybrid Marketing Agreement, the MMG Services Contract and the Lanez Term Sheet, GameCo did not complete any transactions for the provision of assets or services within the past five years to the date hereof, and does not propose to complete any such transactions, with a Non-Arm's Length Party. See "*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Executive Compensation*" and "*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts*".

Legal Proceedings

There are no legal proceedings material to GameCo to which GameCo is a party or of which any of its property is the subject matter.

Material Contracts

Since incorporation to the date hereof, GameCo has entered into the following material contracts, which may be inspected without charge until the date of the completion of the Qualifying Transaction and for a period of 30 days thereafter at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, 200 Bay Street, Suite 3800, Toronto, Ontario M5J 2Z4:

- Amalgamation Agreement dated May 30, 2019, and as amended June 19, 2019, between J55, Newco and GameCo. See *“Appendix 1 – Information Concerning the Amalgamation”*.
- Arrangement Agreement dated May 30, 2019, between J55, Enthusiast Gaming and GameCo. See *“Appendix 2 – Information Concerning the Arrangement”*.
- GameCo Agency Agreement dated March 20, 2019 between the GameCo Agent and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*.
- Subscription Receipt Agreement March 20, 2019 among Computershare Trust Company of Canada and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Subscription Receipt Offering”*.
- Luminosity SPA dated February 14, 2019 between Luminosity Canada, Luminosity USA, Stephen Maida and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Luminosity SPA”*.
- Management Services Agreement to be entered into concurrently with the Luminosity Acquisition, among AIG esports LP, AIG esports Canada Ltd., AIG esports USA Ltd. and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Management Services Agreement”*.
- VALP Services Agreement to be entered into concurrently with the Luminosity Acquisition, between Vancouver Arena Limited Partnership and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – VALP Services Agreement”*.
- Voting and Shareholder Rights Agreement to be entered into concurrently with the Luminosity Acquisition, between Stephen Maida, Adrian Montgomery and Francesco Aquilini. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Voting and Shareholder Rights Agreement”*.
- Pledge Agreement to be entered into concurrently with the Luminosity Acquisition, between Stephen Maida and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note and Pledge Agreement”*.
- Promissory Note to be entered into concurrently with the Luminosity Acquisition, between Stephen Maida and GameCo. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note and Pledge Agreement”*.
- Aquilini Promissory Note dated December 27, 2018 issued by AIG esports LP to GameCo in the principal amount of US\$1,250,000 repayable on demand at any time after December 27, 2019.

- Loan Agreement dated May 30, 2019 between GameCo and Enthusiast Gaming for the Bridge Loan in the aggregate principal amount of \$10,000,000. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Bridge Loan*”.
- Convertible Debenture Indenture dated June 19, 2019 between GameCo and Computershare Trust Company in connection with the GameCo Debentures.

In addition, GameCo expects to enter into the Mandell Consulting Agreement with Mandell Entertainment Group Inc. after the date of this Circular. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Management Contracts and Other Contracts – Mandell Consulting Agreement*”.

Luminosity SPA

On February 14, 2019 GameCo entered into a share purchase agreement (the “**Luminosity SPA**”), pursuant to which GameCo agreed to acquire Luminosity on the terms and conditions of the Luminosity SPA, including the payment of \$1.5 million cash, the issuance of 60 million GameCo Shares (at a deemed issued price of \$0.30 per share and subject to certain downward adjustments) and the issuance of a \$2.0 million unsecured promissory note, which is repayable immediately upon completion of the Qualifying Transaction. See “*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Promissory Note and Pledge Agreement*”. The GameCo Shares issued to Mr. Maida are subject to escrow and shall be released from escrow on the earlier of (i) the date one year following which Mr. Maida provides to GameCo the completed audited historical consolidated financial statements in respect of Luminosity Canada and Luminosity USA that would be required to take GameCo (including Luminosity) public pursuant to the Qualifying Transaction (ii) the consummation of a change of control of GameCo, or (iii) the completion of an initial public offering of the GameCo Shares, subject to the escrow requirements of the TSXV. The closing of the transactions contemplated in the Luminosity SPA is expected to take place prior to August 14, 2019.

The Luminosity SPA contains customary representations and warranties of GameCo including with respect to corporate power and authority, authorized capital, compliance with laws, no conflict, binding and enforceable obligations, pre-emptive rights, encumbrances, litigation, aggregate assets and liabilities and cash balance. In addition, GameCo represented that the GameCo Shares to be issued to Stephen Maida would represent, on a fully-diluted basis, 27.1% of the total issued and outstanding capital stock of GameCo on closing of the Luminosity Acquisition. Mr. Maida also provided certain customary representations and warranties to GameCo, including with respect to ownership and title to the Luminosity Interests, existence, corporate power and authority and authorizations of Luminosity Canada and Luminosity USA, capitalization of Luminosity Canada and Luminosity USA, Luminosity compliance with laws, no conflict, binding and enforceable obligations, taxation matters and working capital.

GameCo provided certain covenants, including with respect to the appointment of Stephen Maida as President and Chief Operating Officer and as a director of GameCo upon closing of the Luminosity Acquisition, non-solicitation until the completion of the Luminosity Acquisition or the outside date (being August 14, 2019 or such other date agreed to between GameCo and Mr. Maida), securing the signatures of Adrian Montgomery and Francesco Aquilini to the Voting and Shareholder Rights Agreement and assumption of employees or independent contractors of Luminosity. Mr. Maida provided certain covenants to GameCo including with respect to escrow requirements of the TSXV, ordinary course operations, restrictions on encumbering the Luminosity Interests and non-solicitation until the completion of the Luminosity Acquisition or the outside date and taxation matters.

It is a condition to the closing of the Luminosity Acquisition that GameCo will enter into (i) an employment agreement with Stephen Maida. See “*Appendix 4 – Information concerning Aquilini GameCo Inc. – Executive Compensation – Summary Compensation Table*”; (ii) the VALP Services Agreement; (iii) the

Management Services Agreement; the Promissory Note and Pledge Agreement (as defined below); (iv) the Voting and Shareholder Rights Agreement; and (v) the OWL Acquisition Agreement.

See “Appendix 11 – Luminosity Gaming Inc. Financial Statements”, “Appendix 12 – Luminosity Gaming Inc. Management Discussion and Analysis” and “Appendix 15 – Pro Forma Financial Statements of the Resulting Issuer” for information regarding the effect of the Luminosity Acquisition on the operation results and financial position of the Resulting Issuer.

The Luminosity SPA may be terminated by GameCo or Stephen Maida upon mutual consent or upon non-satisfaction of the conditions in favour of such party or in certain circumstances if there is a material breach or violation by the other party of any covenant, representation, warranty or other agreement.

The Luminosity Acquisition is an Arm’s Length Transaction (as defined in TSXV Policies) for GameCo.

VALP Services Agreement

Concurrently with the closing of the Luminosity Acquisition and pursuant to the terms of the Luminosity SPA, GameCo will enter into a services support agreement (the “**VALP Services Agreement**”) with VALP for an initial period of 60 months, subject to renewal, pursuant to which VALP agreed to provide GameCo with a broad range of marketing and business support services, including corporate partnership and selling support, retail support, brand association and marketing support (to be provided by Canucks Sports and Entertainment), esports planning and execution, digital and social media support and back office support in exchange for certain service fees.

Management Services Agreement

Concurrently with the closing of the Luminosity Acquisition and pursuant to the terms of the Luminosity SPA, GameCo will enter into the Management Services Agreement with AIG esports LP, AIG esports Canada Ltd. and AIG esports USA Ltd. (collectively, the “**Team Owner**”) for an initial period of 60 months, subject to renewal, pursuant to which GameCo agreed to provide Team Owner with management, consulting and operating services reasonably required to assist in the management of the OWL Team. Pursuant to the Management Services Agreement, GameCo will receive a base management fee for its services in the amount of \$100,000 per month, in addition to an additional management fee of US\$250,000 per year. GameCo will also receive (i) \$25,000 for each OWL stage win by the OWL Team, (ii) \$150,000 for the OWL Team winning an OWL season, (iii) \$100,000 for the OWL Team placing second during an OWL season, and (iv) \$50,000 for the OWL Team placing third during an OWL season. The Management Services Agreement may be terminated by mutual agreement of the parties, or by either party if there is a material breach that is not cured for a period of one month.

Promissory Note and Pledge Agreement

Concurrently with the closing of the Luminosity Acquisition and pursuant to the terms of the Luminosity SPA, Stephen Maida will be issued a promissory note of GameCo with a principal value of \$2,000,000 (the “**Promissory Note**”), subject to adjustments. The Promissory Note will have a maturity date that is equal to the Escrow Release Date (as defined in the Luminosity SPA) and interest on the Promissory Note shall accrue on the basis of 6% per annum.

To secure the prompt performance of all of GameCo’s obligations under the Promissory Note, the Promissory Note will be accompanied by a pledge agreement (the “**Pledge Agreement**”) pursuant to which, until all obligations of GameCo under the Promissory Note are satisfied in full, GameCo will transfer, assign and pledge to Stephen Maida, a security interest in all of the Luminosity interests and assets and all rights and privileges of GameCo.

Voting and Shareholder Rights Agreement

Concurrently with the closing of the Luminosity Acquisition and pursuant to the terms of the Luminosity SPA, GameCo will enter into a voting and shareholder rights agreement (the “**Voting and Shareholder Rights Agreement**”) with Stephen Maida, Adrian Montgomery and Francesco Aquilini pursuant to which the Mr. Maida, Mr. Montgomery and Mr. Aquilini agreed to fix the size of the GameCo Board to three (3) directors, one of which shall be a person designated by Mr. Maida for as long as he continues to beneficially own at least 10% of the issued and outstanding GameCo Shares, and two of which shall be persons designated by Mr. Montgomery and Mr. Aquilini for as long as they continue to collectively beneficially own at least 20% of the issued and outstanding GameCo Shares. The Voting and Shareholder Rights Agreement provides for certain approval rights in favour of Mr. Maida, including any decisions concerning non-financial esports matters and decisions to enter into transactions with affiliates or any change of control transactions, other than the Amalgamation. In addition, Mr. Maida was granted a right of first refusal in respect of transfers of GameCo Shares held by the founders of GameCo, and a co-sale right to participate on a pro-rata basis in proposed transfers of Mr. Montgomery’s and Mr. Aquilini’s GameCo Shares, should he decide not to exercise his right of first refusal. Mr. Maida, Mr. Montgomery and Mr. Aquilini have granted each other certain informational rights as well as pre-emptive rights should GameCo propose to offer or sell any equity securities.

APPENDIX 5

INFORMATION CONCERNING ENTHUSIAST GAMING HOLDINGS INC.

The following information should be read in conjunction with the information concerning Enthusiast Gaming appearing elsewhere in the Circular to which this Appendix 5 is attached. All capitalized terms that are not otherwise defined in this Appendix 5 have the meanings ascribed thereto in the Circular.

The information contained in this Appendix 5 is presented on a pre-Transactions basis and is reflective of the current business, financial and share capital position of Enthusiast Gaming, without giving effect to any components of the Amalgamation or the Arrangement. See “Appendix 6 – Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following completion of the Transactions.

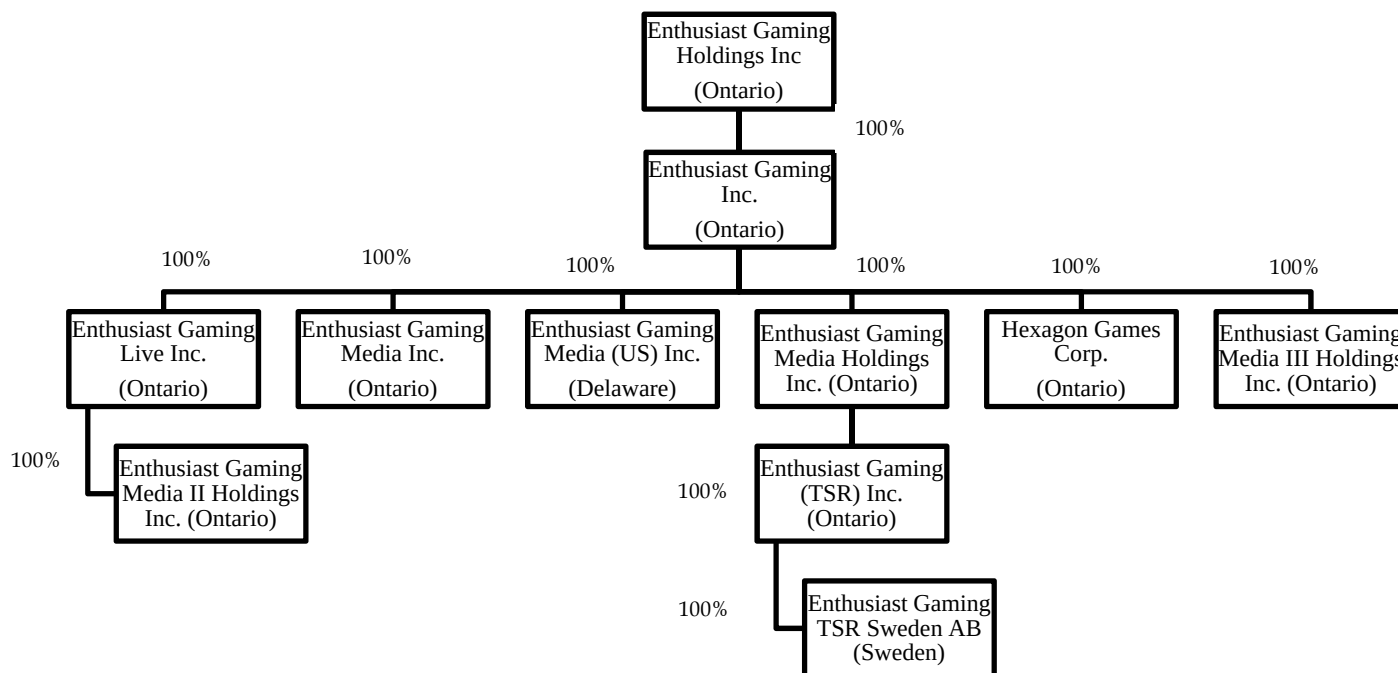
Name and Incorporation

Enthusiast Gaming was incorporated on February 27, 2017, pursuant to the OBCA under the name Tova Ventures II Inc. (“**Tova**”). Tova was a “capital pool company”, as such term is defined in the policies of the TSXV, and completed its initial public offering on October 17, 2017.

Tova completed its Qualifying Transaction with Enthusiast Gaming Inc. (“**EGI**”) pursuant to the terms of the EGI Amalgamation Agreement on August 28, 2018 and changed its name to its current name, “Enthusiast Gaming Holdings Inc.”. The Qualifying Transaction was completed by way of a three-cornered amalgamation and, as a result, Enthusiast Gaming (formerly Tova) became the parent company of EGI.

Intercorporate Relationships

The following diagram illustrates the corporate structure and provides the name, the percentage of voting securities owned, directly or indirectly, by Enthusiast Gaming and the jurisdiction of incorporation, continuance or formation of Enthusiast Gaming’s wholly-owned material subsidiaries:



EGI was incorporated on January 10, 2014 pursuant to the OBCA under the name “Enthusiast Media Events Inc.” and on March 11, 2015, EGI changed its name to “Enthusiast Gaming Inc.”.

On July 3, 2015, Hexagon was incorporated under the laws of the Province of Ontario.

On August 7, 2015, EGLive was incorporated under the laws of the Province of Ontario.

On May 18, 2018, EGMI was incorporated under the laws of the Province of Ontario.

On May 24, 2018, EGMI (US) was incorporated under the laws of the State of Delaware.

On October 26, 2018, Media I was incorporated under the laws of the Province of Ontario.

On January 2, 2019, TSR Ontario was incorporated under the laws of the Province of Ontario.

On February 22, 2019, Media II was incorporated under the laws of the Province of Ontario.

On March 27, 2019, Media III was incorporated under the laws of the Province of Ontario.

On October 19, 2018 TSR Sweden was incorporated under the laws of the Country of Sweden. On April 23, 2019, TSR Sweden changed its name to the current name of the company, Enthusiast Gaming TSR Sweden AB.

The head and registered office of Enthusiast Gaming is located at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario M4P 2Y3.

General Development of the Business

Three Year History

Enthusiast Gaming operates an online network of communities devoted to video gaming across virtually all video gaming platforms. Between its online digital media properties, partner websites, and in-person live expo, Enthusiast Gaming engages millions of worldwide video gaming enthusiasts as they watch, compete, review, and share their passion for all things in the world of video games.

In 2015, following several years of growth in the audience of Enthusiast Gaming’s online digital properties, Enthusiast Gaming began exploring monetization options for its growing portfolio. Through its own experience and through dialogue with other video gaming website owners, it became apparent that there was a growing need within the industry for a new monetization option. Following a period of due diligence, Enthusiast Gaming began laying the ground work to launch its own monetization network and in early 2016 went live as an exclusive agent to five gaming websites. Through trial and error and investing in a monetization team, Enthusiast Gaming began growing both its roster of sites and its revenue as it aggressively built out its network over 2016 – 2018, and into 2019. Enthusiast Gaming subsequently grew its list of sites to over 50 by the end of 2017, and to over 85 by the end of 2018.

Significant Financings Prior to Qualifying Transaction

First Common Round Financing

Over the five month period between October 2015 and February 2016, the EGI Board authorized eight private placements totaling 2,253,843 EGI Shares, each at a price of \$0.13 per EGI Share for gross proceeds of \$292,999 as follows:

- on October 25, 2015, 769,230 EGI Shares were authorized and issued;
- on October 27, 2015, 76,923 EGI Shares were authorized and issued;
- on October 28, 2015, 76,923 EGI Shares were authorized and issued;
- on October 30, 2015, 76,923 EGI Shares were authorized and issued;
- on December 9, 2015, 792,307 EGI Shares were authorized and issued;
- on January 18, 2016, 153,846 EGI Shares were authorized and issued;
- on February 8, 2016, 269,230 EGI Shares were authorized and issued; and
- on February 9, 2016, 38,461 EGI Shares were authorized and issued.

On May 12, 2016, Eric Bernofsky, exercised options to purchase 76,923 EGI Shares at a price of \$0.13 per EGI Share for gross proceeds of \$10,000.

EGI Class "A" Round Financing

On August 31, 2016, following an annual and special meeting of EGI Shareholders, an amendment to the articles of EGI was passed, pursuant to which: (1) an unlimited number of new EGI Class "A" Preferred Shares were authorized; (2) the EGI Option Plan was authorized; (3) the EGI USA was entered into by EGI and the EGI Shareholders; and (4) the issuance of up to \$1,300,000 in EGI Class "A" Preferred Shares was authorized (the "**EGI Class "A" Round**"). Pursuant to the foregoing, a private placement of 2,938,452 EGI Class "A" Units was completed as of said date, at a price of \$0.197467 per EGI Class "A" Unit for gross proceeds of \$580,247. Each EGI Class "A" Unit was comprised of one EGI Class "A" Preferred Share and one fifth (1/5) of one EGI Class "A" Warrant.

During the following ten months, 3,644,911, EGI Class "A" Preferred Shares were issued by private placement over a series of rolling closings at \$0.197467 per EGI Class "A" Unit for gross proceeds of \$719,749 as follows:

- on December 28, 2016, following approval by the EGI Board, 1,772,459 EGI Class "A" Liquidity Units were issued as part of the EGI Class "A" Round at \$0.197467 per EGI Class "A" Liquidity Unit for gross proceeds of \$350,002. Each EGI Class "A" Liquidity Unit was comprised of one EGI Class "A" Preferred Share, one fifth (1/5) of one EGI Class "A" Warrant, and one quarter (1/4) of one EGI Class "A" Liquidity Warrant;
- on February 14, 2017, 329,168 EGI Class "A" Units were issued as part of the EGI Class "A" Round for gross proceeds of \$64,999;
- on March 22, 2017, 91,154 EGI Class "A" Units were issued as part of the EGI Class "A" Round for gross proceeds of \$17,999;
- on April 10, 2017, 1,409,953 EGI Class "A" Liquidity Units were issued as part of the EGI Class "A" Round at \$0.197467 per EGI Class "A" Liquidity Unit for gross proceeds of 278,419; and
- on June 12, 2017, 42,177 EGI Class "A" Units were issued to close the EGI Class "A" Round for gross proceeds of \$8,328.

Over-Allotment for EGI Class “A” Round Financing

On June 12, 2017, the EGI Board authorized the issuance of up to 1,316,675 EGI Class “A” Preferred Shares by private placement as an over-allotment of the EGI Class “A” Round, representing 20% of the EGI Class “A” Preferred Shares issued under the EGI Class “A” Round, at a price of \$0.197467 per EGI Class “A” Unit and per EGI Class “A” Liquidity Unit (the “**Over-Allotment**”). During that month, 1,316,673 EGI Shares were issued by private placement for gross proceeds of \$259,999 to complete the Over-Allotment as follows:

- on June 12, 2017, 506,412 EGI Class “A” Liquidity Units were issued at a price of \$0.197467 per EGI Class “A” Liquidity Unit as part of the Over-Allotment;
- on June 13, 2017, 506,414 EGI Class “A” Units were issued at a price of \$0.197467 per EGI Class “A” Unit as part of the Over-Allotment; and
- on June 30, 2017, 303,847 EGI Class “A” Units were issued at a price of \$0.197467 per EGI Class “A” Unit to complete the Over-Allotment.

BDC Loan Financing

EGI entered into a loan agreement (the “**EGI Loan Agreement**”) dated June 19, 2017 with BDC. The principal amount of the loan is \$50,000 and is repayable monthly over a 60 month term, maturing on December 31, 2022 (the “**EGI Loan**”). Annual interest is compounded monthly, calculated using BDC’s floating base rate (4.5% at the time of execution of the EGI Loan) plus 7%. The EGI Loan was fully repaid in May 2019 and the EGI Loan Agreement is of no further force and effect.

EGI Second Common Share Round Financing and EGI Share Conversion

On November 28, 2017, holders of a majority of the EGI Class “A” Preferred Shares executed an agreement to convert the EGI Class “A” Preferred Shares held by them into EGI Shares. The conversion was done on a 1:1 basis. In addition, holders of a majority of each of the EGI Shares and the EGI Class “A” Preferred Shares also voted to: (1) further amend the EGI USA; and (2) authorize the issuance of up to \$5,160,000 of EGI Shares (the “**EGI Second Common Share Round**”) and waive their pre-emptive rights under the EGI USA. As a result, the private placement of 6,464,125 EGI Shares was completed in the subsequent months over a series of rolling closings at \$0.47 per EGI Unit for gross proceeds of \$3,038,138 as follows:

- on November 30, 2017, 340,425 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$159,999;
- on December 1, 2017, 425,532 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$200,000;
- on December 4, 2017, 750,000 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$352,500;
- on December 5, 2017, 100,000 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$47,000
- on December 6, 2017, 63,829 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$29,999;

- on January 8, 2018, 4,784,339 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$2,248,639;
- on March 2, 2018, 1,631,982 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$767,031.54;
- on March 12, 2018, 3,728,206 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$981,475;
- on April 17, 2018, 419,696 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$197,257.16;
- on May 7, 2018 32,000 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$15,040;
- on May 10, 2018, 203,838 EGI Units were issued as part of the EGI Second Common Share Round for gross proceeds of \$95,804;
- on May 11, 2018, 42,500 EGI Units were issued as part of the EGI Second Common Round for gross proceeds of \$19,975; and
- on May 16, 2018, 42,500 EGI Units were issued as part of the EGI Second Common Round for gross proceeds of \$19,975.

The EGI Board expanded the EGI Second Common Share Round and authorized the issuance of 106,382 EGI Units on May 22, 2018 for gross proceeds of \$132,977 to accommodate investor subscriptions that had been tendered in April, 2018, to close out the EGI Second Common Round.

EGI Amalgamation with Tova

Financings Concurrent with Tova's Qualifying Transaction

On June 19, 2018, (the “**EGI Brokered Financing Closing Date**”) EGI completed a brokered private placement (the “**EGI Brokered Financing**”) by issuing 6,189,300 EGI Subscription Receipts (the “**EGI Subscription Receipts**”) at a price of \$1.25 per EGI Subscription Receipt for aggregate gross proceeds of \$7,736,625. The EGI Brokered Financing was led by the EGI Co-Lead Agents, being Haywood Securities Inc. and Canaccord Genuity Corp., and included Interward Asset Management Ltd. and PowerOne Capital Limited.

Concurrently with the EGI Brokered Financing, EGI completed a non-brokered financing by issuing 610,000 EGI Subscription Receipts for gross proceeds of \$762,500 (the “**EGI Non-Brokered Financing**”). Under the EGI Concurrent Financing, EGI issued an aggregate of 6,799,300 EGI Subscription Receipts for gross proceeds of \$8,499,125.

In connection with its Qualifying Transaction, EGI intended, among other things, that (i) the EGI Subscription Receipts would be converted, without additional consideration or further action, into one unit of EGI (a “**EGI Financing Unit**”), each EGI Financing Unit consisting of one common share in the capital of EGI (an “**EGI Underlying Share**”) and one-half of one common share purchase warrant (each full common share purchase warrant, an “**EGI Underlying Warrant**”), (ii) all outstanding securities of EGI, including the EGI Underlying Shares and EGI Underlying Warrants, would be exchanged, without additional consideration or further action, for equivalent securities. The EGI Underlying Warrants were issued pursuant to the terms of a warrant indenture among EGI, Tova and the TSX Trust Company.

Warrants of EGI (the “**EGI Warrants**”) entitle the holder thereof to acquire one EGI Share at a price of \$1.60 per EGI Share for a period of 24 months following the completion of the EGI Amalgamation, subject to adjustment and acceleration.

EGI paid the EGI Agents a cash fee equal to 5% of the gross proceeds raised by the EGI Agents arising from the EGI Brokered Financing, exclusive of any EGI Subscription Receipts sold to certain investors on the “president’s list” or under the EGI Non-Brokered Financing (the “**EGI Cash Fee**”). In addition to the EGI Cash Fee, the EGI Agents received compensation options (the “**EGI Broker Warrants**”) equal to 5% of the number of EGI Subscription Receipts issued in connection with the EGI Brokered Financing, being an amount equal to 309,465 EGI Broker Warrants, and the corporate finance fee to \$35,000 and an additional 30,000 EGI Broker Warrants (the “**EGI Corporate Finance Fee**”). Each EGI Broker Warrant was automatically exchanged for compensation options of Enthusiast Gaming which are exercisable into one (1) Enthusiast Share (the voting common shares) at a price of \$1.25 per Enthusiast Share for a period of 24 months from the date that the EGI Final Exchange Bulletin was issued by the TSXV.

The gross proceeds from the sale of all EGI Subscription Receipts, less: (i) 50% of the EGI Cash Fee and the entire EGI Corporate Finance Fee, which were paid to the EGI Agents; (ii) the expenses of the EGI Agents incurred in connection with the EGI Brokered Financing, which were paid to the EGI Agents; and (iii) 50% of the gross proceeds of the EGI Concurrent Financing, which was paid to EGI, were delivered and held by the EGI Escrow Agent (collectively, the “**EGI Escrowed Proceeds**”) and invested pursuant to the terms of a subscription receipt agreement (the “**EGI Subscription Receipt Agreement**”), entered into by and among EGI, the EGI Agents, and the EGI Escrow Agent on the EGI Brokered Financing Closing Date. The EGI Escrowed Proceeds, together with all interest and other income earned thereon, are referred to herein as the “**EGI Escrowed Funds**”.

The remaining 50% of the EGI Cash Fee was released from escrow and delivered to the EGI Agents from the EGI Escrowed Funds and the balance of the EGI Escrowed Funds were released from escrow to EGI on August 28, 2018.

Tova’s Qualifying Transaction

Pursuant to the EGI Amalgamation Agreement, EGI and Tova Ventures Sub amalgamated and formed one corporation (“**EGI Amalco**”) under the provisions of the OBCA (the “**EGI Amalgamation**”). The EGI Amalgamation constituted Tova’s Qualifying Transaction under Policy 2.4 – *Capital Pool Companies* of the TSXV.

At the effective time of the EGI Amalgamation, among other things, each of EGI and Tova Ventures Sub ceased to exist as entities separate from EGI Amalco, the property of each of Tova Ventures Sub and EGI continued to be the property of EGI Amalco and EGI Amalco continued to be liable for the obligations of each of Tova Ventures Sub and EGI.

At the effective time of the EGI Amalgamation: (i) each EGI Shareholder received one Tova Share on a post-Tova Consolidation basis in exchange for each EGI Share held by such holder and the EGI Shares were cancelled; (ii) each holder of Tova Ventures Sub Shares received one (1) common share in EGI Amalco (an “**EGI Amalco Share**”) in exchange for each Tova Ventures Sub Share held by such holder and the Tova Ventures Sub Shares were cancelled; and (iii) in consideration for Tova’s issuance of Post-Tova Consolidation Tova Shares, EGI Amalco issued to Tova one (1) EGI Amalco Share for each Post-Tova Consolidation Tova Share issued by Tova.

In addition, as of the effective time of the EGI Amalgamation, the EGI Warrants and EGI Options ceased to represent a right to acquire EGI Shares and provided the right to acquire Post-Tova Consolidation

Tova Shares, all in accordance with the adjustment provisions provided in the certificates representing the EGI Warrants and EGI Options.

The EGI Amalgamation resulted in Tova: (i) completing the Tova Consolidation such that there are 1,379,904 EGI Amalco Shares issued and outstanding to Tova shareholders, 65,333 EGI Amalco Warrants issued and outstanding to Tova securityholders and 136,190 EGI Amalco Option issued and outstanding to Tova securityholders; and (ii) issuing an aggregate of 42,089,753 EGI Amalco Shares to the EGI Shareholders (including 6,799,300 EGI Amalco Shares to holders of the EGI Subscription Receipts), 17,212,973 EGI Amalco Warrants (including EGI Warrants, Entrepreneur Warrants, EGI Underlying Warrants and EGI Broker Warrants) and 3,537,703 EGI Amalco Options issued to EGI Shareholders.

Following completion of the EGI Amalgamation, 43,469,657 EGI Amalco Shares were outstanding, and 20,952,199 EGI Amalco Shares were reserved for issuance. The EGI Amalco Shares reserved for issuance includes 17,278,306 EGI Amalco Warrants and 3,673,893 EGI Amalco Options. As at the closing of the EGI Amalgamation, the former EGI Shareholders (including holders of the EGI Subscription Receipts) owned approximately 96.8% of the EGI Amalco Shares and Tova securityholders and held appropriately 3.2% of the EGI Amalco Shares. Accordingly, the EGI Amalgamation constituted a reverse takeover of EGI, as defined by TSXV Policy 5.2 – *Changes of Business and Reverse Take-Overs*.

The Post-Tova Consolidation Tova Shares issued to certain EGI Shareholders are subject to escrow and/or seed share resale restrictions under the policies of the TSXV and applicable laws.

On August 27, 2018, Tova received conditional approval from the TSXV for the EGI Amalgamation to constitute Tova's Qualifying Transaction, subject to Tova fulfilling all the requirements of the TSXV.

On September 24, 2018, Tova completed its Qualifying Transaction with EGI pursuant to the EGI Amalgamation Agreement. In connection with the transaction, Tova consolidated its common shares on the basis of one post-Tova Consolidation share for each 4.2 pre-Tova Consolidation shares and changed its name to "Enthusiast Gaming Holdings Inc."

The post-Tova Consolidation Enthusiast Shares resumed trading on the TSXV on October 4, 2018 under the new ticker symbol "EGLX".

Significant Financings Following Tova's Qualifying Transaction

Non-Brokered Private Placement of Enthusiast Convertible Debentures

On November 9, 2018, Enthusiast Gaming completed its oversubscribed, non-brokered private placement of convertible debenture units (each an "**Enthusiast Debenture Unit**" and collectively, the "**Enthusiast Debenture Units**") for total gross proceeds of \$9,000,000 (the "**Enthusiast Debenture Offering**"). Canaccord Genuity Corp. acted as advisor to Enthusiast Gaming with respect to the Enthusiast Debenture Offering. The net proceeds from the Enthusiast Debenture Offering are being used for working capital purposes, general corporate purposes, and potential acquisitions.

Each Enthusiast Debenture Unit, issued at a price of \$1,000, was comprised of one unsecured convertible debenture (each an "**Enthusiast Debenture**" and collectively, the "**Enthusiast Debentures**"), having a principal amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 315 common share purchase warrants of Enthusiast Gaming (each, a "**Enthusiast Debenture Warrant**" and collectively, the "**Enthusiast Debenture Warrants**"). Each Enthusiast Debenture is convertible into Enthusiast Shares at a conversion price of \$1.60 per Enthusiast Share, subject to acceleration in certain events. The Enthusiast Debentures mature on December 31, 2021. Each Enthusiast Debenture Warrant entitles the holder to acquire one Enthusiast Share at a price of \$2.00 per Enthusiast

Share for a period of two years, subject to acceleration in certain events. The Enthusiast Debentures and the Enthusiast Debenture Warrants contain customary anti-dilution provisions.

Since March 9, 2019, Enthusiast Gaming has had the option to require the conversion of the then outstanding principal amount of the Enthusiast Debentures (plus accrued and unpaid interest thereon) at the conversion price of \$1.60 per Enthusiast Share on not less than 30 days' notice, should the daily volume-weighted average trading price of the Enthusiast Shares be greater than \$2.40 for each of seven consecutive trading days, ending five trading days prior to the applicable date. Enthusiast Gaming may accelerate the expiry date of the then outstanding Enthusiast Debenture Warrants on not less than 30 days' notice, should the volume-weighted average trading price of the Enthusiast Shares be greater than \$3.00 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

Enthusiast Gaming paid Canaccord Genuity Corp. an advisory fee in the amount of \$590,580 equal to 6.0% of the gross proceeds raised in the Enthusiast Debenture Offering, payable in cash. Canaccord Genuity Corp. also received 540 compensation warrants (the "**Enthusiast Debenture Compensation Warrants**") equal to 6.0% of the number of Enthusiast Debenture Units issued. Each Enthusiast Debenture Compensation Warrant will entitle Canaccord Genuity Corp. to acquire one Enthusiast Debenture Unit at a price equal to \$1,000 for a period of 24 months following the closing of the Enthusiast Debenture Offering.

Bridge Loan and Arrangement

On June 21, 2019, Enthusiast Gaming announced that it closed the Bridge Loan from GameCo. Pursuant to the terms of the Loan Agreement with GameCo dated May 30, 2019, interest shall accrue on the loan at the rate of 8% per annum. All principal and interest under the Bridge Loan will be due and payable by Enthusiast Gaming to GameCo on the earlier of: (a) June 20, 2020, and (b) the date of the Arrangement Closing. Enthusiast Gaming will be entitled to prepay all or a part of the Bridge Loan at any time, from time to time, without bonus or penalty. Pursuant to the terms of the Bridge Loan Agreement, Enthusiast Gaming has paid GameCo a \$300,000 administrative fee. Further details regarding the Bridge Loan can be found at "*Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Bridge Loan*".

Significant Acquisitions and Events

Enthusiast Gaming has grown its network of digital media properties organically through building online audiences and readership, by entering into affiliate agreements with established digital medial publishers, and through strategic acquisitions. Enthusiast Gaming has targeted and privately owned digital media companies that derive their value from growing and devoted audiences.

Asset Acquisition of Destructoid

On June 15, 2017, Enthusiast Gaming acquired substantially all of the assets of Destructoid LLC ("**Destructoid**"), a major brand in the online video-gaming world. The acquisition was completed by way of an asset purchase. Enthusiast Gaming gained the domain names, IP rights, and content for 16 digital media properties, including the well-known "Destructoid" brand. Based in San Francisco, Destructoid had been a leading online authority for over 10 years as the alternative to mainstream gaming news sites and a sought-after destination for gamers to blog about their favourite video games. Consistently attracting a large amount of monthly visitors, Destructoid added, at that time, a significant boost to Enthusiast Gaming's international reach of gamers.

The total consideration paid by Enthusiast Gaming to acquire the assets of Destructoid was \$860,491 (\$650,000 USD) and 300,000 common shares of Enthusiast Gaming which were issued subsequent to the year end and were valued at \$53,575.

Asset Acquisition of Pixelfame LLC

On February 1, 2018, Enthusiast Gaming purchased all the assets of Pixelfame LLC ("**Pixelfame**"). The acquired assets consist of a suite of video game content focused Facebook pages.

Asset Acquisition of Gamnesia Media LLC

On February 16, 2018, Enthusiast Gaming purchased all the assets of Gamnesia Media LLC ("**Gamnesia**"). Gamnesia is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

Asset Acquisition of Daily esports TV

On March 17, 2018, Enthusiast Gaming purchased all the assets related to the Daily Esports brand ("**Daily Esports**") including the domain name www.dailyesports.tv. Daily Esports is an online content platform covering the latest news and opinions about the esports industry. The acquisition of Daily Esports greatly increased Enthusiast Gaming's coverage of the esports industry.

Asset Acquisition of Gameumentary

On June 22, 2018, Enthusiast Gaming purchased all the assets of the Gameumentary brand ("**Gameumentary**"), including the domain name www.gameumentary.com and related social media accounts.

Asset Acquisition of The Escapist

On July 3, 2018, Enthusiast Gaming purchased assets related to "The Escapist" online gaming magazine brand ("**The Escapist**"). The Escapist is a well-known online video gaming content brand magazine with content across multiple platforms of interest to video gamers. With approximately 6.5 million monthly viewers, the acquisition significantly grew Enthusiast Gaming's network and continues to enhance Enthusiast Gaming's growth strategy as the latest growing community of online gamers.

Asset Acquisition of IncGamers

On July 6, 2018, Enthusiast Gaming purchased all the assets related to the IncGamers brand ("**IncGamers**") including PC Invasion and Diablo Wiki. IncGamers is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

Asset Acquisition of Operation Sports

On November 14, 2018, Enthusiast Gaming acquired the assets of Operation Sports LLC ("**Operation Sports**"), an online sports video gaming news and community forum. Operation Sports will receive earn out payments for two years following the completion of the acquisition, which is expected to raise the total purchase price up to \$1,000,000 based on performance milestones.

Total consideration paid for the acquisition of Pixelfame, Gamnesia, Daily Esports, Gameumentary, The Escapist, IncGames, and Operation Sports consisted of \$1,559,650 in cash and 243,394 common shares valued in the amount of \$196,310 for total consideration of \$1,755,960.

Asset Acquisition of Canada Cup

On June 12, 2018, Enthusiast Gaming purchased a 20% interest in 2643067 Ontario Ltd., an Ontario corporation operating as Canada Cup Gaming ("**Canada Cup**"), in consideration for \$120,000. Canada Cup has been hosting annual esports competitions since 2009 and, in 2015 became the final premier event of the Capcom Pro Tour season. The Capcom Pro Tour is a series of international fighting game tournaments sponsored by video game developer Capcom.

LOI to Acquire Share of Steel Media

On December 18, 2018, Enthusiast Gaming entered into a non-binding letter of intent to acquire all of the shares of Steel Media Limited ("**Steel Media**"). Steel Media is a large mobile gaming network which has a portfolio of consumer and business to business websites and live networking events. Founded in 2005 by publishing experts with a focus on quality editorial, Steel Media is the media company behind over 20 mobile gaming media websites including: pocketgamer.com, pocketgamer.biz, appspy.com, and 148apps.com; and is the owner and operator of over 25 video game networking events in 11 different countries. Enthusiast Gaming and Steel Media are currently in the process of negotiating a definitive agreement.

Omnia Media and Blue Ant Agreements

On January 23, 2019 Enthusiast Gaming entered an agreement with Omnia Media Inc. ("**Omnia**") to exclusively represent all of Omnia's online gaming traffic in the United States as its sales agent. Omnia is a YouTube platform which creates, manages and operates a multi-channel YouTube network.

Enthusiast Gaming also entered into an agreement with BlueAnt Media ("**Blue Ant**"), in which Blue Ant will act as an exclusive advertising sales agent of Enthusiast Gaming in Canada. Blue Ant is the parent company of Omnia.

Trading on the OTCQB

On January 23, 2019, Enthusiast Shares began trading on the OTCQB Venture Market ("**OTCQB**"), under the symbol "EGHIF". The law firm of Burns Figa & Will PC acted as Enthusiast Gaming's sponsor.

Generation Advisors Inc.

On March 5, 2019 Enthusiast Gaming retained Generation Advisors Inc. ("**Generation**") to provide market-making services. Generation is a member of the Investment Industry Regulatory Organization of Canada, a participating organization of TSX and a member of the TSXV. The capital and securities required for any trade undertaken by Generation as principal will be provided by Generation. The agreement is for an initial term of 180 days, with automatic renewals for a further 180 days unless terminated.

Under the terms of the agreement, Generation will receive cash compensation of \$7,500 per month but will not receive any Enthusiast Shares or Enthusiast Options as compensation. Generation does not currently own any securities of Enthusiast Gaming; however, Generation and its clients may acquire a direct interest in the securities of the Enthusiast Gaming. Enthusiast Gaming and Generation are unrelated and unaffiliated entities.

Asset Acquisition of The Sims Resource

On January 3, 2019, EGMI and TSR Ontario signed an agreement to acquire all of the assets of The Sims Resource (“**TSR**”). TSR offers custom content for the popular Sims video game franchise. The TSR website offers custom content built around the popular Sims video game franchise, which can be downloaded by users to alter and/or expand gameplay. The acquisition closed on April 12, 2019.

As consideration for the acquired assets, TSR Ontario paid, at closing, an initial amount of US\$4 million in cash and US\$2 million in common shares in the capital of Enthusiast Gaming valued at \$1.00 per share. TSR Ontario will pay a deferred payment (the “**Sims Deferred Payment**”) of US\$14 million on or before the first anniversary of closing, which payment is secured by a general security agreement and pledge of shares of TSR Ontario. EGMI and TSR Ontario entered into a transition services agreement, pursuant to which the vendors of TSR will manage, operate and administer the acquired assets and in particular the relationships with the TSR community for a period of up to one year.

Until the Sims Deferred Payment is made, TSR Ontario has agreed on a profit-sharing split of 70% in favour of the vendors of TSR. Pursuant to the transaction, TSR Ontario acquired all of the assets related to TSR, including, but not limited to, customer and supplier lists, trade names, business goodwill, intellectual property, software, the domain name, website content, social media accounts and EGMI and TSR Ontario will not assume any liabilities or obligations of the vendors of TSR outside of those normally assumed in relation to employment and certain other contractual obligations.

Asset Acquisition of Planet Destiny

On March 13, 2019, Enthusiast Gaming purchased all the assets of the Planet Destiny brand (“Planet Destiny”), including the URL, domain name and website content. Planet Destiny is a leading news outlet providing comprehensive information pertaining to the Destiny franchise. The total consideration paid by Enthusiast Gaming to acquire the assets of Planet Destiny was \$26,726.

Market Support Agreement with PI Financial

On April 1, 2019 Enthusiast announced that it retained PI Financial Corp. (“**PI**”) to provide capital market-making services in accordance with TSXV policies. Under the terms of the agreement, PI receives cash compensation of \$5,000 per month but will not receive any Enthusiast Common Shares or Enthusiast Options as compensation. Enthusiast and PI are unrelated and unaffiliated entities. PI is a member of the Investment Industry Regulatory Organization of Canada (IIROC), a participating organization of TSX and a member of TSXV. The capital and securities required for any trade undertaken by PI as principal will be provided by PI. The agreement has a minimum term of 12 months. After the 12 month term, the agreement can be terminated by Enthusiast upon 30 days’ written notice.

Share Purchase Acquisition of Waveform Entertainment

On April 9, 2019, Enthusiast Gaming announced that it had entered into an agreement to purchase 20% of the issued and outstanding shares of Waveform Entertainment Inc. (“**Waveform**”). Waveform is a leading esports broadcasting and production company which specializes in the organization of premium esports tournaments around the world. Enthusiast Gaming has an option, at its sole discretion, to acquire a 100% interest in Waveform.

The purchase will be made pursuant to the terms of a share subscription agreement (the “**Waveform Agreement**”), among Waveform and Media II. Pursuant to the Agreement, Enthusiast Gaming agreed to purchase the purchased shares in three tranches: (i) on April 4, 2019, Enthusiast Gaming purchased 40.5% of the purchased shares for a portion of the subscription price, being \$680,000.00; (ii) Enthusiast Gaming

agreed to purchase, on or before (as decided by Enthusiast Gaming) October 4, 2019, 29.75% of the purchased shares for a portion of the subscription price, being \$500,000.00; and (iii) Enthusiast Gaming agreed to purchase, on or before (as decided by Enthusiast Gaming) June 3, 2020, 29.75% of the purchased shares for a portion of the subscription price, being \$500,000.00. On the date Waveform and Enthusiast Gaming entered into the Agreement, they also entered into a shareholders' agreement for Waveform (the "**Waveform Shareholders' Agreement**"). The aggregate purchase price for all Waveform's shares, if the buy-out option is exercised by Enthusiast Gaming shall be equal to the greater of: (i) four (4) times Waveform's gross revenue (as defined in the Waveform Shareholders' Agreement), multiplied by eighty percent (80%); or (ii) \$7,680,000, which will be subject to agreed adjustments. The purchase of the two remaining tranches, as well as the exercise of the buy-out option (if exercised by Enthusiast Gaming) are subject to receipt of all applicable regulatory approvals (including by the TSXV).

Senior Enthusiast Debenture Purchase Agreement of Addicting Games

On April 11, 2019, Enthusiast Gaming announced that it entered into a senior convertible debenture purchase agreement (the "**Enthusiast Debenture Purchase Agreement**") to invest in Addicting Games Inc. ("**Addicting Games**"). Addicting Games develops and distributes browser games. Addicting Game's platform focuses on "browser multiplayer" .io website games, which are a genre of real-time multiplayer games which are played in a browser. The network includes: Tactics Core (tacticsscore.io), pumking.io, warfronts.io, shotz.io, skywars.io, seapop.io, skyarena.io and, Little Big Snake (littlebigsnake.io).

Pursuant to the Enthusiast Debenture Purchase Agreement, Enthusiast Gaming invested US\$1.5 million by way of a 3 year secured convertible debenture with interest accruing at 2% per annum which is convertible into equity at the value of Addicting Games' next equity raise.

Monetization Agreement with RankedBoost

On May 9, 2019, Enthusiast Gaming announced that it entered into a representation agreement with Ranked Boost, LLC ("**RankedBoost**"), an online media brand focused on creating strategy guides, tools, and resources for popular video games and esports titles such as Fortnite, Apex Legends, Overwatch and League of Legends. Under the agreement, Enthusiast Gaming will exclusively represent all of RankedBoost's online traffic for two years, allowing Enthusiast Gaming to optimize advertising on the website. Enthusiast Gaming will provide its vast platform, monetization optimization strategy, and international direct sales teams to drive further revenue. RankedBoost's 7 million monthly visitors will join the Enthusiast Gaming network, which substantially increases the size of the user base.

Partnership with Ubisoft Canada

On May 29, 2019, Enthusiast Gaming announced that EGLive partnered with Ubisoft Canada to host the Rainbow Six Canada Nationals and bring the Ubisoft show floor activation to EGLX in October 2019. Ubisoft is a game publisher, responsible for creating various video game franchises including: Assassin's Creed, Far Cry, Just Dance, Prince of Persia, Rayman, Raving Rabbids, and Tom Clancy's. The esports tournament is a unique team-based competitive first-person shooter experience with high-level gamers playing Rainbow Six, a popular Ubisoft video game.

MZ Group Investor Relations Consulting Agreement

On July 16, 2019, Enthusiast Gaming announced that it has entered into an investor relations consulting agreement (in this paragraph, the "**Agreement**") with MZHCI, LLC ("**MZHCI**"). Under the Agreement, MZHCI provides Enthusiast Gaming with a comprehensive strategic investor relations and financial communications program across the United States and in other key markets. Enthusiast will pay MZHCI \$8,500 USD per month. Additionally, MZHCI will work closely with Enthusiast's management and

investor relations to develop and execute a complete capital markets strategy designed to increase the company's visibility throughout the investment community. The Agreement is in effect for a term of one year, and automatically renews for six month periods thereafter. The Agreement may be terminated by either party after 6 months with 15 days' prior written notice. The parties also provide mutual indemnification in the event of material misrepresentations due to each party's actions or inactions under the Agreement. The aforementioned Agreement remains subject to TSXV approval.

Narrative Description of the Business

Enthusiast Gaming has an online network of over 85, owned and affiliated, gaming related websites and a network of 900 YouTube channels reaching 150 million visitors. Enthusiast Gaming also owns and operates Canada's largest video-gaming expo, Enthusiast Gaming Live Expo or "EGLX" (the "**Expo**"). Between its online digital media properties, its network of partner websites, and video gaming expo, Enthusiast Gaming engages gaming enthusiasts worldwide.

Enthusiast Gaming's products and services fall into three principal segments, which consist of content, digital media advertising and events.

Content

Enthusiast Gaming's content segment is comprised of over 85 websites that are wholly owned by Enthusiast Gaming or exclusively monetized by Enthusiast Gaming and contain news, reviews, videos, live streams, blog posts, tips, chats, message boards, and other video-gaming related content. Central to Enthusiast Gaming's ability to create valuable advertising space that can be sold on its websites (referred to as "**Inventory**") is the ability to both develop content rich digital media and foster the interaction and contributions of its users to its digital media properties. Enthusiast Gaming possesses a network of full and part-time content developers to ensure regular, interesting updates are made across its digital media properties to reflect the newest developments in the world of video games, in the form of videos, articles, blog posts, and other content.

The gaming community is drawn to different aspects and forms of content on Enthusiast Gaming's network of websites. Part of Enthusiast Gaming's strategy is to acquire profitable video gaming websites with differentiating content from its then current portfolio, providing valuable, relevant content for any gaming enthusiast. Some of the different types of content includes: long form, short form, and documentary styles of content.

Another prevalent aspect of the content on Enthusiast Gaming's sites may be referred to as "video game journalism", an aspect of the video gaming industry whereby individuals will review, critique, and provide commentary on new and old video games, particular aspects of video games, upgrades, new hardware platforms, and other aspects of video games.

Digital Media Advertising

Enthusiast Gaming's network has become a leading advertising platform that has amassed a network of brands targeting the gamer demographic. The network has over 150 million visitors and is currently generating 30 billion ad requests a month. For any form of publishing company, the key mission is building a dedicated following of engaged users. For online companies, this tends to be measured through monitoring monthly active users ("**MAUs**"). Just as a traditional newspaper refers to circulation numbers, website properties and gaming publishers are focused on measuring circulation through MAUs. Many forms of digital content publishers, from sports websites, to digital magazines, bloggers, and gaming properties, secure advertising deals predicated upon MAUs.

The majority of Enthusiast Gaming's revenue is driven by programmatic advertising across the platform. Enthusiast Gaming has built out a direct sales team to foster key relationships and drive revenue. The direct sales team is also responsible for developing long term clients looking for integrated advertising solutions across Enthusiast Gaming's brands.

Programmatic Media Value Chain

The programmatic media value chain consists of various industry players seeking to facilitate optimal purchasing of advertising from targeted publishers.

Importantly, both the supply side (websites with ad space) and the demand side (brands and/or advertisers seeking ad space) have their own respective options when it comes to platforms. Supply Side Platforms ("SSPs") and Display Side Platforms ("DSPs") have been created in order to streamline publishing and ad-buying processes. Companies strategically use both SSPs and DSPs to facilitate optimal purchasing of advertising from targeted publishers.

A common advertising spending metric utilized in the digital publishing industry, is known as "Cost Per Thousand" ("CPM") impressions.

CPM and other relevant metrics, allow SSPs and DSPs to navigate on common basis whereby a more targeted marketing campaign will typically demand a higher CPM given that each ad impression can justifiably be worth more to the advertiser.

Should an advertiser or publisher decide to investigate one step deeper into the efficiency of its campaign, the metric of "Click Through Rate" serves as a percentage of people who saw the ad and subsequently clicked on it. Other methods of negotiating digital advertising and publishing transactions utilize "Cost Per Click", wherein the advertiser pays on a per-click basis, or alternatively can pay on a more joint venture / commission basis sometimes referred to as "Cost Per Acquisition".

Companies tend to utilize Effective Cost Per Thousand ("eCPM") impressions in order to compare various advertising mechanisms and campaigns on a leveled basis. Essentially, eCPM inputs the earnings obtained via a certain campaign, divided by the number of actual impressions delivered. This results in a cost per impression, such that when multiplied by 1,000, will deliver an approximation for the eCPM.

Competitive Conditions in the Current Digital Advertising Market

Market trends indicate that publishers will become more in-demand as users continue to seek diverse content. Enthusiast Gaming has assembled an in house team of individuals, all of whom have specialized knowledge of Adtech and programmatic optimization tools, to maximize the value of its properties and give Enthusiast Gaming an advantage in the market.

Enthusiast Gaming has developed proprietary programmatic advertising techniques in order to curate optimal monetization. Most importantly, the Enthusiast Gaming umbrella of more than 85 websites and digital platforms, has enabled Enthusiast Gaming to engage in direct deals with large advertisers. As inefficiencies are eliminated, Enthusiast Gaming stands to benefit from receiving a larger portion of advertisers marketing budgets.

Waterfall Bidding vs. Header Bidding

Traditionally, publishers and/or website owners would offer ad space to advertisers utilizing a "Waterfall Bidding" approach, whereby the ad space would be offered one-by-one to various networks and/or advertisers in successive order.

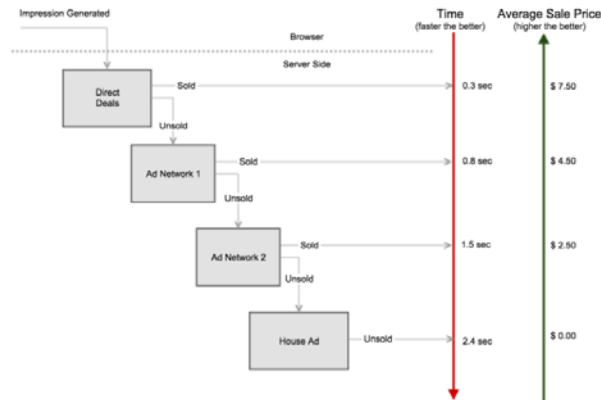


Image: Waterfall bidding diagram

Due to inefficiencies and the possibility for the highest bidder being neglected, many publishers, including Enthusiast Gaming, have shifted toward a different model, as shown in the diagram below, referred to as “Header Bidding”.

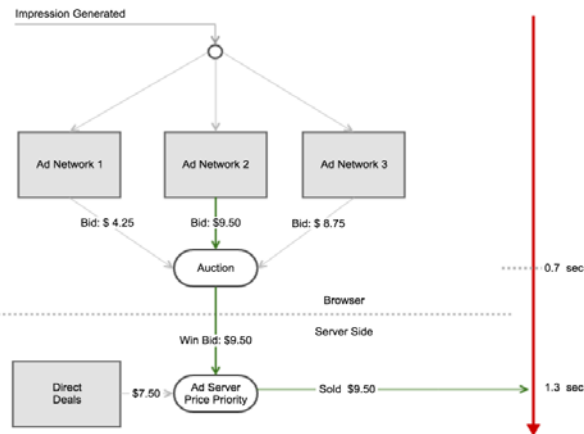


Image: Header Bidding diagram

Header Bidding also has the advantage of various exchanges bidding in real time together. The result is meant to be the highest dollar that a party is willing to pay for the ad space, going to the publisher or website.

Sale of Inventory

The digital media advertising segment of Enthusiast Gaming’s business flows from the digital media publishing segment. With content-rich digital media properties drawing millions of monthly page views, Enthusiast Gaming is able to sell valuable Inventory on its digital media properties. In addition to selling its own Inventory, Enthusiast Gaming acts as a representative for the sale of third-party Inventory on websites and applications that also host similarly themed content. By combining the Inventory in its own network with third-party Inventory, and in some instances, acting as an exclusive provider of advertising to third parties, Enthusiast Gaming gets access to exclusive ad auctions and sales opportunities through which it is able to command higher advertising revenues and negotiate favourable profit-sharing arrangements.

Online advertising revenue is determined by a number of metrics. Advertising revenues may factor in the number of individuals who view particular web pages in Enthusiast Gaming's network of digital media properties, how often the web pages are viewed, and how much time a user spends on a website during each visit. Revenue can be accorded based on the number of advertising impressions, the "Click Through Rate", and the rate at which advertisements lead to sales. The functioning of the advertisements themselves can have a significant effect on achieving key advertising metrics.

Enthusiast Gaming developed proprietary optimization tools which it utilizes to sell ads on. As opposed to the historical process of using humans to negotiate the purchase and sale of ad space, the optimization tool allows Enthusiast Gaming to set strategic parameters for the sale of Inventory in real time auctions that occur in milliseconds and are all executed by computer programs. Additionally, the programmatic optimization tools enable Enthusiast Gaming to target specific advertisers at specific times in order to receive the highest value for its Inventory.

The Inventory or advertising space can be found in a variety of locations throughout the websites. New advertising impressions are generally created when a user opens a website or navigates to a different page. Enthusiast Gaming focuses exclusively on advertising revenues and provides access to the content on all of its digital media properties without employing any payment gateways or premium content.

They can take on the form of banner advertisements, ad-words, "skins" or background advertisements, and in-application ads.

Enthusiast Gaming derives part of its total revenue from direct advertising campaigns.

When a client opts for a direct campaign, Enthusiast Gaming will prepare a marketing plan with the client, consisting of the length of the campaign and set parameters which will define how the ad will be displayed such as, specific countries where the ad will be displayed, on desktop or mobile, whether the ad will click through to another site, etc. Additionally, depending on the campaign, Enthusiast Gaming may guarantee a certain amount of impressions or "Click Through Rate".

A large majority of Enthusiast Gaming's revenue is derived from the sales of ad inventory on its network of digital media properties. Enthusiast Gaming has steadily grown its network of digital media properties and has experienced a corresponding growth in revenue. Due to the steady growth, the fluctuation of spending in the advertising industry has not been obvious from Enthusiast Gaming's operating results.

Ad inventory derives its value from a number of factors, including supply and demand. In preparation for retail-oriented holidays, retail sector advertisers may increase their advertising budgets, thus reducing the availability of ad inventory and increasing its value. Similarly, advertisers in the technology industry may correlate their ad campaigns to the launch of new products.

Online advertisements can be sold in a variety of ways. Enthusiast Gaming enters into agreements with online advertising exchanges, through which advertisers will bid on space and time in Enthusiast Gaming's Inventory and the Inventory of companies Enthusiast Gaming represents.

Under its affiliate agreements, Enthusiast Gaming provides advertising sales as a third party representative, to digital media publishers. Generally, Enthusiast Gaming will receive the right to market and sell all available advertising space within the digital media publisher's website for the duration of the agreement. In exchange for the opportunity to monetize the digital media publisher's website, Enthusiast Gaming will compensate the digital media publisher, either in the form of fixed monthly payments subject to page views, or a percentage of ad revenue, or a combination of the two.

The advertising technology space is ever evolving, but like most industries, the race tends to be toward optimal efficiency. Enthusiast Gaming therefore believes, as do many industry experts, that original content production, curation, and publishing will continue to thrive and generate more value given its importance to target consumers. Conversely, as better efficiency is pursued, middle-firms currently exacting fees in between advertisers and publishers, should see their gross revenues and margins decline. Large advertisers are interested in widely distributed publishers like Enthusiast Gaming, and firms in between will become more secondary.

Enthusiast Gaming Live Expo

Enthusiast Gaming created and operates through EGLive, its multi-day live expo event, EGLX. Enthusiast Gaming started in person gaming meet ups in 2014 at a local pub in Toronto to engage the gaming community through personal interactions. As the meet ups continued to grow in popularity and size, the venue also grew to accommodate the increase in numbers. These small meet ups quickly escalated to a university, and then eventually, to an exhibition hall. Over the years, these meet ups graduated into EGLX.

In 2018, over 55,000 people attended EGLX and Enthusiast Gaming continues to explore opportunities to grow its events division to coincide with the significant growth of its network online. In the past, the Expo has brought together video gaming enthusiasts, celebrities, professionals and amateur video game developers, video game vendors, and other exhibitors. The Expo has in the past offered the opportunity for attendees to:

- play or watch esports tournament with cash prizes;
- buy, sell or trade collectable games;
- play student-designed games and discuss game design with prestigious game design schools;
- cosplay;
- play new and vintage video games;
- partake in video competitions;
- attend panel discussions;
- watch a pitch competition whereby participants have pitched video game ideas to real investor groups;
- participate in panels and interviews of game developers, industry professionals, and YouTube celebrities; and
- meet gaming celebrities.

The Expo features key sponsors including Bell, Nintendo, Microsoft, and Blizzard. Aspects of the Expo, such as the video gaming competitions, are broadcast online via Twitch and on Enthusiast Gaming's network of digital media properties. The Expo is also used as an opportunity to direct attendees to Enthusiast Gaming's network of digital media properties, and Enthusiast Gaming's online network is similarly leveraged where appropriate to advertise the event.

EGLX includes some of the largest esports competitions in Canada. The Expo which was last held on October 26-28, 2018 also exhibited a Nintendo booth with an exclusive opportunity to play Nintendo's newest game, Super Smash Bros. Ultimate, before its release and Pokemon Let's Go, which was played in Canada for the first time. Guests had the opportunity to meet and play with celebrities and gaming enthusiasts.

Enthusiast Gaming has announced that it will host another Expo in Toronto on October 18-20, 2019. Enthusiast Gaming plans to expand the Expo to other cities across North America starting in 2020. Enthusiast Gaming will also be launching its own esports tournament called "EGLX Rising Stars". The tournament will begin in the summer of 2019 and the grand finale will take place at the fall 2019 Expo. The series aims to discover up and coming talent in the esports industry.

Market

Traditionally, the market in which Enthusiast Gaming operates has been primarily young males, aged 13 to 34. However, in 2017, the Entertainment Software Association of Canada (the "ESA") reported in Essential Facts About the Computer and Video Game Industry, that the average gamer is 35 years old. Additionally, the ESA reported that the number of female gamers has steadily been rising over the past several years. The same report notes that in Canada, women currently account for 48% of gamers, while in the U.S. they account for 41%.

Users of Enthusiast Gaming's network of digital media properties are both men and women ages 13 to 65+ with the majority of its users spending, on average, more than 15+ hours gaming per week. These individuals represent a highly sought-after demographic in a number of key advertising categories.

Mobile Ads

There has been a global shift in ad spending with the increasing popularity of smartphones. According to Newzoo, the number of active smartphone users is expected to grow to 3.8 billion by 2021.¹ eMarketer reported that global mobile ad spending surpassed US\$100 billion in 2016 and is expected to reach US\$195 billion in 2019.²

United States Industry Growth

According to the eMarketer's report, dated August 2017, it is expected that the number of U.S. smartphone users will grow by 26 million, reaching 245 million users in 2021. Additionally, time spent within mobile applications will experience a similar growth. eMarketer estimated in its April 2017 report that adults in the U.S. spend 2.25 hours per day on mobile applications, with this number growing to 2.43 hours per day by 2019. Time spent on mobile applications significantly surpasses time spent on the mobile web which accounts for only 0.26 hours per day. Despite this increase in time spent on mobile applications, the mobile application market is becoming increasingly competitive. The 2017 U.S. Mobile App Report, published by comScore, reported that majority of smartphone users in the U.S. will download zero applications per month, while only 13% of smartphone users will download one application per month.

eMarketer in its August 2017 report, predicts that U.S. mobile ad spending would increase from \$58 billion in 2017 to \$102 billion by 2021. With this rise, mobile ad spending is expected to capture a larger

¹ Newzoo, "Smartphone users will top 3 billion in 2018, hit 3.8 billion by 2021" < <https://venturebeat.com/2018/09/11/newzoo-smartphone-users-will-top-3-billion-in-2018-hit-3-8-billion-by-2021/>>

² eMarketer, "Mobile Ad Spend to Top \$100 Billion Worldwide in 2016, 51% of Digital Market" <<https://www.emarketer.com/Article/Mobile-Ad-Spend-Top-100-Billion-Worldwide-2016-51-of-Digital-Market/1012299>>

portion of the digital advertising market. Currently, eMarketer reports that mobile ad spending accounts for 70.3% of all digital advertising spending, with this number climbing to 79.2% by 2021.

Video Game Industry

According to the 2017 Global Games Market Report published by Newzoo, there are currently 2,138,422,000 gamers globally. These gamers generate US\$108.9 billion in revenue for the gaming industry. Newzoo expects this number to grow to US\$128.26 billion by 2020.

Currently, the gaming market is fragmented across several platforms with each platform varying in gaming revenue. According to the Global Games Market Report, 2017 from Newzoo, the segment breakdown of revenue generated per platform is as follows: 4% from browser PC games; 23% from boxed/downloaded games; 32% from smartphone games; 10% from tablet games; and 31% from console games. Newzoo indicated that by 2020 smartphone and tablet gaming will account for 50% of gaming revenue, while boxed and downloaded games will shrink in their revenue segment by 18%.

Growth of esports

esports is an important component of online video gaming content. Most notably, esports turns competitive video-gaming into a spectator sport. Thousands of viewers will attend live events to watch professional video game players compete in tournaments. Additionally, these tournaments are often streamed online, with viewers logging on to watch from their computers, tablets or mobile devices.

According to the 2017 Global ESports Market Report published by Newzoo, since 2012 the esports industry has seen a steady rise in global viewership. Moreover, data from Statista indicates that the global esports audience is expected to be 389 million in 2018 and this number is expected to grow to 589 million by 2020.³

The Canadian video game industry has rapidly expanded to accommodate the growth of esports. Large venues, such as hockey arenas, sell out for esports competitions. According to the ESA, esports has contributed more than \$3 billion to the Canadian economy and this number is expected to grow in the coming years. The ESA also reported that Canada is now home to 472 active studios developing, publishing, and distributing video games.

Data from Statista suggests that worldwide revenue from the esports market will experience 40% year on year growth and reach approximately US\$1.49 billion in 2020, with 80% of the revenue coming from advertising and sponsorships.⁴ Additionally, it is estimated that in 2016, US\$661 million was spent on advertising and sponsorships.⁵

Competitive Conditions

The digital media publishing industry in the gaming sector is highly competitive and fragmented. Enthusiast Gaming competes with many well-established media websites, including IGN, Kotaku and GameSpot. On the monetization side, Enthusiast Gaming competes with ad networks, such as Curse and Playwire and less with non-gaming networks such as Google and Amazon.

³ Statista, “esports audience size worldwide from 2012 to 2020, by type of viewers (in millions)”
<<https://www.statista.com/statistics/490480/global-esports-audience-size-viewer-type/>>

⁴ Statista, “esports market revenue worldwide from 2012 to 2020 (in million U.S. dollars)”
<<https://www.statista.com/statistics/490522/global-esports-market-revenue/>>

⁵ Statista, “esports market revenue worldwide in 2016, by segment (in million U.S. dollars)”
<<https://www.statista.com/statistics/490358/esports-revenue-worldwide-by-segment/>>

Many of Enthusiast Gaming's competitors have adopted a centralized approach by developing a single website with a strong brand to publish gaming and esports content. Unlike its competitors, Enthusiast Gaming has employed a decentralized approach and instead aggregated many smaller digital media publishing properties in order to achieve the benefits of selling Inventory with a large audience. Enthusiast Gaming has been able to reach more than 150 million visitors, 2.5 billion annual page views, and over 12 billion ads served monthly across its network. Additionally, Enthusiast Gaming optimized its network of properties to function and to receive ads on multiple platforms, including video, mobile, the web, and tablets.

Due to low barriers to entry, Enthusiast Gaming will likely be subject to additional competition from new startups and more established media companies making a shift into the esports and gaming sector.

Proprietary Protections

With the exception of the trademarks listed below, Enthusiast Gaming currently relies on Canada's common law for proprietary protection of its copyrights and trademarks. This is due to the large number of trademarks and copyrighted material that Enthusiast Gaming uses in its gaming network, and the projected expense required for formal proprietary protection of each copyrightable material and/or trademark it uses. Enthusiast Gaming's management intends to continually monitor and evaluate the copyright and trademarks used by its digital assets, to identify copyright and trademarks that may benefit from proprietary protections beyond those available to Enthusiast Gaming under Canada's common law.

Canadian Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
ENTHUSIAST GAMING	1933339	30-Nov-2018

US Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
DESTRUCTOID	3611368	28-Apr-09
THE ESCAPIST	3120453	25-Jul-06
THE ESCAPIST	3859638	12-Oct-10
WARCRY	3254681	26-Jun-07
WARCRY NETWORK	3264291	17-Jul-07
ZERO PUNCTUATION	3507920	30-Sep-08
ENTHUSIAST GAMING	88391588	18-April-19

Facilities

Enthusiast Gaming entered into a Lease Agreement dated June 6, 2019, with 90 Eglinton Avenue Holdings Limited, for its corporate headquarters located at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario. The lease is for approximately 4,561 square feet of office space.

Employees

As of December 31, 2018, Enthusiast Gaming has: (i) four officers, Menashe Kestenbaum (Chief Executive Officer and President), Eric Bernofsky (Chief Operating Officer and Senior VP, Finance); Meir Bulua (Chief Information Officer), and Gadi Levin (Chief Financial Officer); (ii) twelve (12) full time employees, ten (10) full time contractors, and over 200 part-time contractors. None of Enthusiast Gaming's employees

are represented by a labor union or covered by a collective bargaining agreement. Enthusiast Gaming has not experienced any work stoppages.

Selected Consolidated Financial Information and MD&A

Financial Information

The following table sets forth selected historical financial information for Enthusiast Gaming for the years ended December 31, 2017, December 31, 2018, and for the three months ended March 31, 2019.

Income Statement Data (\$)	December 31, 2017 (audited)	December 31, 2018 (audited)	March 31, 2019 (unaudited)
Total Revenues	3,394,524	10,970,855	2,060,709
Gross Margins	512,655	1,542,280	120,715
Net Loss	(2,393,834)	(18,367,104)	(2,159,849)
Balance Sheet Data (\$)			
Total Assets	4,491,648	16,497,787	13,976,402
Total Liabilities	2,687,191	11,063,727	10,507,172
Total Shareholders' Equity	1,804,457	5,434,060	3,469,230

Management and Discussion Analysis

Enthusiast Gaming's MD&A for the financial years ended December 31, 2017, December 31, 2018, and for the three months ended March 31, 2019 and prepared in accordance with IFRS should be read in conjunction with the audited consolidated financial statements and related notes thereto for the financial years ended December 31, 2017, December 31, 2018, and for the three months ended March 31, 2019, Enthusiast Gaming's MD&A, together with the applicable financial statements, are attached hereto at Appendix 13 and Appendix 14.

Description of Securities

General Description of Capital Structure

The authorized capital of Enthusiast Gaming consists of an unlimited number of Enthusiast Shares.

As of the date of this Circular, there were 50,993,876 Enthusiast Shares issued and outstanding, 12,218,172 Enthusiast Warrants, 4,545,274 Enthusiast Options, and \$9,000,000 of principal amount outstanding on the Enthusiast Debentures the terms of which are described in this Circular.

The following is a summary of the material attributes and characteristics of Enthusiast Shares and does not purport to be a complete summary of Enthusiast Shares.

The holders of Enthusiast Shares are entitled to receive notice of and to attend all meetings of the shareholders of Enthusiast Gaming and to one vote per share at meetings of the shareholders of Enthusiast Gaming. Except as otherwise set out below or as required by law, holders of Enthusiast Shares shall vote as one class at all meetings of shareholders of the Enthusiast Gaming. The holders of Enthusiast Shares will also be entitled to receive dividends as and when declared by the board of directors of Enthusiast Gaming on Enthusiast Shares as a class, provided that no dividend may be declared or paid in respect of Enthusiast Shares unless concurrently therewith the same dividend is declared or paid on Enthusiast Shares. The holders of Enthusiast Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among

Enthusiast Gaming's shareholders for the purpose of winding up its affairs, to share in such assets of Enthusiast Gaming as are available for distribution. All issued and outstanding Enthusiast Shares are fully paid and non-assessable and not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

Enthusiast Warrants

The holders of Enthusiast Warrants are entitled to the purchase of one Enthusiast Share per one Enthusiast Warrant held. Enthusiast Warrants have exercise prices that range from \$0.197467 to \$2.00 per Enthusiast Share, and expiry dates ranging until November 9, 2020. Enthusiast Warrants are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect Enthusiast Shares.

Enthusiast Options

Enthusiast Options are issued pursuant to Enthusiast Gaming's stock option plan as further described below in "Appendix 25 Stock Option Plan of Enthusiast Gaming Holdings Inc."

EGI Broker Warrants

The holders of EGI Broker Warrants are entitled to the purchase of one Enthusiast Share per one EGI Broker Warrant held. The EGI Broker Warrants have exercise prices that range from \$0.10 to \$1.25 per Enthusiast Share, with expiry dates ranging from October 17, 2019 to September 21, 2020. EGI Broker Warrants are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect the Enthusiast Shares.

Enthusiast Debentures

Each of the Enthusiast Debentures has a principal amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity. Each Enthusiast Debenture is convertible into Enthusiast Shares at a conversion price of \$1.60 per Enthusiast Share, subject to acceleration in certain events. The Enthusiast Debentures mature on December 31, 2021.

Enthusiast Debenture Warrants

The holders of Enthusiast Debenture Warrants are entitled to purchase one Enthusiast Share per one Enthusiast Debenture Warrant held at a price of \$2.00 per Enthusiast Share, with an expiry date of November 9, 2020, subject to acceleration in certain events. Enthusiast Debenture Warrants are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect the Enthusiast Shares.

Enthusiast Debenture Compensation Warrants

The holders of the Enthusiast Debenture Compensation Warrants are entitled to acquire one Enthusiast Debenture Unit at a price equal to \$1,000 for a period of 24 months following the closing of the Enthusiast Debenture Offering. Each Enthusiast Debenture Unit is comprised of an Enthusiast Debenture and an Enthusiast Warrant.

Securities Law Matters

The Enthusiast Shares issued to holders of EGI Shares upon the EGI Amalgamation were issued in reliance on the exemptions from prospectus requirements in accordance with section 2.11 of National Instrument 45-106 – *Prospectus Exemptions*. Pursuant to National Instrument 45-102 – *Resale of Securities*, Enthusiast Shares are freely tradeable. Enthusiast Shares which are issued in the U.S. or to, or for the account or benefit of, any U.S. person bear a legend to the effect that Enthusiast Shares are not registered under the U.S. Securities Act and may only be offered, sold, pledged or otherwise transferred, directly or indirectly, pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and in compliance with applicable securities laws of any state of the U.S. and such shareholders are advised to consult their financial or legal advisors with respect to the tradability of Enthusiast Shares that they received on completion of the EGI Amalgamation.

Dividends and Distributions

As of March 31, 2019, Enthusiast Gaming has not paid any dividends on its outstanding Enthusiast Shares and has no current intention to declare dividends on its Enthusiast Shares in the foreseeable future. There are no restrictions in the terms of the Enthusiast Shares that could prevent Enthusiast Gaming from paying dividends. The holders of Enthusiast Shares are entitled to participate in all dividends declared by the board of directors of Enthusiast Gaming. Any decision to pay dividends on its Enthusiast Shares in the future will be at the discretion of Enthusiast Gaming's board of directors and will depend on, among other things, Enthusiast Gaming's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the board of directors may deem relevant.

Stock Option Plan

Enthusiast Gaming has an incentive stock option plan (the “**Option Plan**”) that provides that the board of directors of Enthusiast Gaming may from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers and employees of Enthusiast Gaming as well as management, employees and consultants (as such terms are defined in the TSXV's Policy 4.4 - *EGI Corporate Finance Fee Manual* as amended from time to time), non-transferable options to purchase Enthusiast Shares, provided that the number of Enthusiast Shares reserved for issuance will not exceed 10% of the total issued and outstanding Enthusiast Shares, exercisable for a period of up to five (5) years from the date of the grant. Pursuant to the Enthusiast Stock Option Plan, the maximum number of Enthusiast 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 Enthusiast Shares at the date of grant. The maximum number of Enthusiast Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Enthusiast Shares at the date of grant and the maximum number of Enthusiast 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 Enthusiast Shares at the date of grant.

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

Consolidated Capitalization

The following table sets forth those material changes in the share and loan capital of Enthusiast Gaming, on a consolidated basis, since December 31, 2017, December 31, 2018, and for the three months ended March 31, 2019 and as at the date of this Circular.

Designation of Security	March 31, 2019 (unaudited) ⁽²⁾	As at the date of this Circular
Enthusiast Shares	45,744,690	50,993,876
Enthusiast Warrants	18,080,237	12,218,172
Enthusiast Options	3,590,274	4,545,274
Enthusiast Debentures	\$9,000,000	\$9,000,000

Notes:

- (1) Enthusiast Debentures have a principal amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity. Each Enthusiast Debenture is convertible into Enthusiast Shares at a conversion price of \$1.60 per Enthusiast Share, subject to acceleration in certain events. A further description of the Enthusiast Debentures can be found at "Appendix 5 Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Significant Financings Following Tova's Qualifying Transaction – Non-Brokered Private Placement of Enthusiast Convertible Debentures".
- (2) On an unaudited basis, as of June 30, 2019, Enthusiast Gaming entered into the Loan Agreement with respect to the Bridge Loan and repaid the BDC Loan. A further description of the Bridge Loan can be found at "Appendix 5 Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Significant Financings Following Tova's Qualifying Transaction – Bridge Loan and Arrangement". A further description of the BDC Loan can be found at Appendix 5 Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Significant Financings Prior to Qualifying Transaction – BDC Loan Financing".
- (3) The Enthusiast Warrants comprise of: (a) EGI Class "A" Warrants entitling the holder thereof to purchase one EGI Class "A" Preferred Share for \$0.197467 per share and such EGI Class "A" Warrants were converted to entitle the holder thereof to purchase one Enthusiast Share at \$0.197467 in connection with Tova's Qualifying Transaction; (b) Entrepreneur Warrants entitling the holder thereof to purchase one EGI Share for \$0.197467 per EGI Share and such Entrepreneur Warrants were converted to entitle the holder thereof to purchase one Enthusiast Share at \$0.197467 in connection with Tova's Qualifying Transaction; (c) EGI Warrants entitling the holder thereof to purchase one EGI Share for \$0.58 or \$1.60, as applicable, and such EGI Warrants were converted to entitle the holder thereof to purchase one Enthusiast Share for \$0.58 or \$1.60, as applicable, in connection with Tova's Qualifying Transaction; (d) EGI Underlying Warrants and EGI Broker Warrants entitling the holder thereof to purchase one EGI Share for \$1.25 and such EGI Underlying Warrants and EGI Broker Warrants were converted to entitle the holder thereof to purchase one Enthusiast Share at \$1.25 in connection with Tova's Qualifying Transaction; (e) Enthusiast Convertible Debenture Warrants entitling the holder thereof to purchase one Enthusiast Share at \$2.00; and (f) Enthusiast Convertible Debenture Compensation Warrants entitling the holder thereof to acquire one Enthusiast Debenture Unit at a price equal to \$1,000 for a period of 24 months following the closing of the Enthusiast Debenture Offering. Each Enthusiast Debenture Unit is comprised of an Enthusiast Debenture and an Enthusiast Warrant.

Prior Sales

The following table summarizes details of the sales of securities of Enthusiast Gaming during the 12-month period before the date of this Circular:

Date of Issuance	Security	Price Per Security (\$)	Number of Securities
November 8, 2018	Enthusiast Warrants	2.00	2,835,000
November 8, 2018	Enthusiast Debentures	1,000	9,000
November 8, 2018	Enthusiast Warrants	1,000	540
November 9, 2018	Enthusiast Shares	1.39	117,924
November 21, 2018	Enthusiast Options	1.25	50,000
March 29, 2019	Enthusiast Options	1.25	955,000
April 12, 2019	Enthusiast Shares	1.00	2,668,800

Escrowed Securities

Escrowed Shares

The following table summarizes details of Enthusiast Gaming's securities of each class held, to Enthusiast Gaming's knowledge, in escrow or that are subject to a contractual restriction on transfer as of the date of this Circular:

Designation of Class	Number of securities held in escrow	Percentage of Class
Enthusiast Shares	7,080,804 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	13.88%
Enthusiast Options	2,665,998 ⁽⁷⁾	58.43%
Enthusiast Warrants	1,436,370	11.76%

Notes:

- (1) At the time of incorporation of Enthusiast Gaming, Menashe Kestenbaum (Director and Chief Executive Officer), KFPV Vest Holdings Inc., an OBCA corporation controlled by Mr. Kestenbaum, and his spouse, Naomi Kestenbaum, were collectively issued 3,540,000 Enthusiast Shares at a price of \$0.0001 per share. This number includes the 1,180,000 Enthusiast Shares held by KFPV Vest Holdings Inc., a company controlled by Menashe Kestenbaum and includes the 11,907 shares in the capital of Tova, on a post-consolidation basis, held by Menashe Kestenbaum.
- (2) Meir Bulua (Director and Chief Information Officer) was issued 1,800,000 Enthusiast Shares 11 months after incorporation at a price of \$0.0001 per share, 360,000 of these shares are held by Leverage IT, a company majority controlled by Mr. Bulua.
- (3) Alan Friedman (Independent Director) was issued 240,000 Enthusiast Shares 13 months after incorporation at a price of \$0.0001 per share.
- (4) 2454557 Ontario Inc., a company wholly-owned by the spouse of Alan Friedman was issued 360,000 Enthusiast Shares at a price of \$0.0001 per share as consideration for providing marketing, administrative and strategic consulting services to Enthusiast Gaming.
- (5) Eric Bernofsky (Chief Operating Officer, Senior VP Financing, Corporate Secretary) was also issued 76,923 Enthusiast Shares on May 12, 2016 upon the exercise of EGI Options at a price of \$0.13 and 89,888 Enthusiast Shares on August 31, 2016 at a price of \$0.197467 per share.
- (6) Each of Menashe Kestenbaum, Meir Bulua, and Eric Bernofsky were issued 376,923 Enthusiast Shares following the exercise of EGI Options held by each of them on June 11, 2018.
- (7) This number includes the 34,047 options for shares in the capital of Tova, on a post-consolidation basis, held by Alan Friedman.

The escrowed securities are subject to a surplus escrow agreement is in a form prescribed by the TSXV with TSX Trust Company, as escrow agent, and the applicable securityholders on the terms and conditions prescribed by TSXV Policies. The schedule that the escrowed securities will be released is as follows: 5% immediately following the issuance of the EGI Final Exchange Bulletin; 5% released 6 months thereafter; 10% released 12 months following the issuance of the EGI Final Exchange Bulletin; 10% released 18 months following the issuance of the EGI Final Exchange Bulletin; 15% released 24 months following the issuance of the EGI Final Exchange Bulletin; 15% released 30 months following the issuance of the EGI Final Exchange Bulletin and 40% released 36 months following the issuance of the EGI Final Exchange Bulletin.

Seed Share Resale Restrictions

The seed share resale restrictions are TSXV hold periods of various lengths which apply where Seed Shares are issued to non-principals by private companies in connection with an initial public offering, reverse takeover, change of business or Qualifying Transaction. The following table summarizes details of Enthusiast Gaming's seed share resale restrictions as of the date of this Circular:

Designation of Class	Number of Securities to be Held in Escrow	Percentage of class of Enthusiast Shares	Hold Period
Enthusiast Shares	2,724,000 ⁽¹⁾	5.34%	Tier 2 Value Security Escrow

Note:

- (1) Each of the Enthusiast Shares were issued at a price of \$0.0001 per Enthusiast Share for gross proceeds of \$950. The issuances were completed over the first fourteen months following the incorporation of Enthusiast Gaming. Under the TSXV Seed Share Resale Matrix, the first row sets out the securities that will be held under a Tier 2 Value Escrow Agreement. The Enthusiast Shares will be subject to the Tier 2 Value Escrow Agreement and will be released from escrow pro rata as to 10% on the date of the EGI Final Exchange Bulletin, and an additional 15% every six months thereafter (expiring 36 months following the EGI Final Exchange Bulletin). Any release, other than in accordance with the above dates, shall only be made with the prior consent of the applicable securities regulatory authorities. The Value Escrow Shares may not be transferred without the approval of the TSXV other than in specified circumstances set out in the Value Security Escrow Agreement.

Stock Exchange Price

The following table sets forth the price range per share and trading volume for the Enthusiast Shares on the TSXV during the 12-month period prior to the date of this Circular.

Period	High Trading Price (\$)	Low Trading Price (\$)	Total Volume (#)
July 2018	N/A	N/A	nil ⁽¹⁾
August 2018	N/A	N/A	nil ⁽¹⁾
September 2018	N/A	N/A	nil ⁽¹⁾
October 2018	1.45	0.93	10,349,627
November 2018	1.32	0.82	4,497,277
December 2018	1.07	0.70	2,304,030
January 2019	1.02	0.81	3,022,560
February 2019	1.17	0.97	2,481,764
March 2019	1.49	1.15	5,402,933
April 2019	1.76	1.18	6,254,620
May 2019	1.8	1.49	4,724,953
June 2019	1.75	1.57	3,715,350
July 2019 ⁽²⁾	1.59	1.47	2,160,878

Notes:

- (1) Trading of the Enthusiast Shares on the TSXV were halted January 2, 2018 in connection with the announcement of the EGI Amalgamation, and resumed trading under the symbol "EGLX" on October 4, 2018 following the EGI Final Exchange Bulletin.
- (2) Includes the period from July 1, 2019 to the date of this Circular.

Non-Arm's Length Party Transactions

Enthusiast Gaming's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Enthusiast Gaming. Key management personnel include members of the Enthusiast Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Information Officer.

Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested during the period.

During the three months ended March 31, 2019, Enthusiast Gaming paid consulting fees to the executive officers and their companies in the amount of \$40,615 (three months ended March 31, 2018 - \$27,587). During the three months ended March 31, 2019, Enthusiast Gaming also paid consulting fees to two directors in the amount of \$22,750 (three months ended March 31, 2018 - \$ nil).

As at March 31, 2019, Enthusiast Gaming also has loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$58,004, \$55,265 and \$47,996, respectively (December 31, 2018 - \$49,000, \$49,000 and \$49,000, respectively). The loans receivable bears interest at bank's prime interest rate (March 31, 2019 - 3.95%) and matures on August 1, 2019. Enthusiast Gaming also has an additional loan receivable from the Chief Executive Officer in the amount of \$43,155 (December 31, 2018 - \$44,283), which bears interest at bank's prime interest rate (March 31, 2019 - 3.95%) and matures on August 31, 2020.

As at March 31, 2019, \$22,750 (December 31, 2018 - \$24,912) was due to related parties for unpaid expenses, unpaid salaries and consulting fees.

Legal Proceedings

There are no legal proceedings material to Enthusiast Gaming to which Enthusiast Gaming or a subsidiary of Enthusiast Gaming is a party or of which any of their respective property is the subject matter, and no such proceedings known to Enthusiast Gaming are contemplated.

Enthusiast Gaming is a party to a variety of agreements in the ordinary course of business under which it may be obligated to indemnify third parties with respect to certain matters. Enthusiast Gaming maintains general liability insurance policies in accordance with the standards and policy limits set forth by each party with which it renders services to.

Management Contracts

Yanier Gonzalez

In conjunction with the acquisition of all or substantially all of the assets of Destructoid, Enthusiast Gaming entered into a services agreement (the "**Services Agreement**") with Yanier Gonzalez dated June 15, 2017. The Services Agreement provides that Mr. Gonzalez shall manage content and traffic growth of the digital media assets acquired by Enthusiast Gaming from Destructoid on a non-exclusive basis, in exchange for a fixed monthly fee of USD\$2,500 if specified performance metrics are met after each of the first two years of the Services Agreement. The Services Agreement is in effect for a term of one year, and automatically renews for one year periods thereafter. The Services Agreement may be terminated by either party with 60 days' written notice, or shorter notice in the event of a material default under the Services Agreement. Mr. Gonzalez provides customary confidentiality covenants and agrees not to solicit specified personnel or customers related to the previous business of Destructoid during the term of the Agreement and for 12 months following its termination.

Rivonia Capital Inc., Strategic Consultant

Enthusiast Gaming entered into a consulting agreement dated September 1, 2017 (the "**Rivonia Agreement**") among Rivonia Capital Inc. ("**Rivonia**") and Alan Friedman. The Rivonia Agreement provides that Rivonia shall provide services as a consultant to Enthusiast Gaming relating to financing, a going public offering, managing introductions and connections to banks, brokers, investors, and board members, and strategic advisory services in connection with financings. Rivonia is entitled to a monthly fee of \$6,200 plus HST. Rivonia was paid a \$50,000 bonus upon the completion of the EGI Amalgamation.

The Rivonia Agreement may be terminated for just cause by Enthusiast Gaming if Rivonia engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming may terminate the Rivonia Agreement without just cause provided that it pay to Rivonia 24 months' of fees and benefits for the earlier of six months or

until Rivonia obtains comparable benefits from another source. Any stock options granted by Enthusiast Gaming shall be automatically vested on the date of termination or a change of control (as defined in the Rivonia Agreement) and shall remain exercisable until the expiry date of the option. Rivonia may elect to terminate the agreement within 90 days of the occurrence of a change of control of Enthusiast Gaming, and upon such election, shall be entitled to the same termination benefits described above. Rivonia is committed to typical non-competition covenants during the Rivonia Agreement and for the 12 month period thereafter and typical confidentiality covenants during his employment and for the 6 month period thereafter.

Menashe Kestenbaum, Chief Executive Officer, President

Enthusiast Gaming entered into an employment agreement dated June 1, 2017 (the “**Kestenbaum Agreement**”) with Menashe Kestenbaum, which replaced the previous agreement in place since November 15, 2015. The Kestenbaum Agreement provides that Mr. Kestenbaum shall serve as President and CEO of Enthusiast Gaming. On March 29, 2019, the board of directors increased the salary of Mr. Kestenbaum to \$247,000 with an additional 40% annual incentive bonus effective March 1, 2019.

Mr. Kestenbaum is entitled to receive Enthusiast Options in such amounts as are determined by the Enthusiast 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 Gaming if Mr. Kestenbaum engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming 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 Gaming (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 and for the 6 month period thereafter.

Eric Bernofsky, Chief Operating Officer, Senior VP Finance

Enthusiast Gaming entered into an employment agreement dated June 1, 2017 (the “**Bernofsky Agreement**”) with Eric Bernofsky, 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 additional 40% annual incentive bonus effective March 1, 2019.

Mr. Bernofsky is entitled to receive Enthusiast 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 Gaming if Mr. Bernofsky engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming 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 Gaming (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 and for the 6 month period thereafter.

Leverage IT Corp., Strategic Consultant

Enthusiast Gaming entered into an oral consulting agreement with Leverage IT Corp. (the “**Leverage Agreement**”). The Leverage Agreement provides that Leverage IT Corp. shall provide services as a consultant to Enthusiast Gaming relating to financing, a going public offering, managing introductions and connections to banks, brokers, investors, and board members, and strategic advisory services in connection with financings. Leverage IT Corp. is entitled to an annual consulting fee of \$125,000.

The Leverage Agreement may be terminated for just cause by Enthusiast Gaming if Leverage IT Corp. engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming may terminate the Leverage Agreement without just cause provided that it pay to Leverage IT Corp. 24 months’ of fees and benefits for the earlier of six months or until Leverage IT Corp. obtains comparable benefits from another source. Any stock options granted by Enthusiast Gaming shall be automatically vested on the date of termination or a change of control and shall remain exercisable until the expiry date of the option. Leverage IT Corp. may elect to terminate the agreement within 90 days of the occurrence of a change of control of Enthusiast Gaming, and upon such election, shall be entitled to the same termination benefits described above. Leverage IT Corp. is committed to typical non-competition covenants during the Leverage Agreement and for the 12 month period thereafter and typical confidentiality covenants during the term of the Leverage Agreement and for the 6 month period thereafter.

Meir Bulua, Chief Information Officer

Enthusiast Gaming entered into an oral employment agreement (the “**Bulua Agreement**”) with Meir Bulua. Mr. Bulua has been appointed Chief Information Officer. The salary of Mr. Bulua is US \$25,000 with an additional 40% annual incentive bonus effective March 1, 2019.

Mr. Bulua is entitled to receive Enthusiast Options in such amounts as are determined by the Enthusiast Board from time to time and is permitted certain allowances for expenses incurred in connection with his position. The Bulua Agreement may be terminated for just cause by Enthusiast Gaming if Mr. Bulua engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming may terminate the Bulua Agreement without just cause provided that it pay to Mr. Bulua 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. Bulua obtains comparable benefits from another source. Mr. Bulua may elect to terminate the agreement within 90 days of the occurrence of a change of control of Enthusiast Gaming, and upon such election, shall be entitled to the same termination benefits described above. Mr. Bulua is committed to typical non-competition covenants during his employment and for the 12 month period thereafter and typical confidentiality covenants during his employment and for the 6 month period thereafter.

Auditor, Transfer Agent and Registrar

MNP LLP is the auditor of Enthusiast Gaming, located at 111 Richmond Street West, Suite 350, Toronto, Ontario M5H 2G4.

The TSX Trust Company is the registrar and transfer agent of the Enthusiast Shares following completion of the EGI Amalgamation, located at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1.

Material Contracts

The following is a description of the material contracts entered into by Enthusiast Gaming, other than in the ordinary course of business, copies of which, in accordance with TSXV policies, may be inspected at the principal offices of Enthusiast Gaming located at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario M4P 2Y3, during regular business hours received written request one business day in advance.

Index Exchange Inc.

Enthusiast Gaming has entered into a master services agreement (in this paragraph, the “**Agreement**”) with Index Exchange Inc. (“**IE**”), dated June 22, 2017. Under the Agreement, IE provides Enthusiast Gaming with access to an online advertising exchange that permits IE’s clients to purchase advertising space or “inventory” in Enthusiast Gaming’s website portfolio (the “**Properties**”) made available to IE. Enthusiast Gaming receives a portion of the gross revenue generated by the advertising inventory sold on IE’s exchange. The parties grant to each other customary licences for use of each other’s data and IP, and Enthusiast Gaming retains ownership of data on web user’s interactions with advertisements on its Properties. Enthusiast Gaming covenants that original content on its Properties will not contain specified illegal, undesirable, or abusive content, or be otherwise advertised by unsolicited bulk email. The Agreement is in effect for a term of one year, and automatically renews for one year periods thereafter. The Agreement may be terminated by either party with 90 days’ written notice, or shorter notice in the event of a material breach or specified financial difficulties of either party. The parties mutually provide confidentiality covenants typical for commercial agreements. The parties also provide mutual indemnification in the event of each party’s actual or alleged breach of the Agreement, gross negligence, willful misconduct, fraudulent actions, or infringement of a third party’s rights.

OpenX

Enthusiast Gaming entered into an ad exchange supply agreement (in this paragraph, the “**Agreement**”) with OpenX Technologies Inc. (“**OpenX**”) as of July 11, 2016. Under the Agreement, OpenX provides Enthusiast Gaming with access to an online advertising exchange that permits OpenX’s clients to purchase advertising inventory in Enthusiast Gaming’s Properties made available to OpenX. Enthusiast Gaming shares in revenue generated by the advertising inventory sold on OpenX’s exchange. Enthusiast Gaming covenants that all websites, apps and other digital properties which Company uses the service for itself or on behalf of its clients will not contain specified illegal, undesirable, abusive content, or infringe third party’s intellectual property rights. The Agreement may be terminated by either party with 24 hours’ written notice. Liability under the Agreement is limited to six months’ payments to Enthusiast Gaming under the Agreement, unless the liability relates to breach of service terms, confidentiality, or pursuant to a given indemnity. The parties provide mutual indemnification in the event of each party’s breach of specified terms of the Agreement, provided that no indemnity is given by OpenX regarding claims arising from IP rights owned by Enthusiast Gaming or its corporate affiliates. The parties mutually provide basic confidentiality covenants. Enthusiast Gaming agrees not to solicit specified personnel related to OpenX for one year following the date of the Agreement.

Representation Agreements

Enthusiast Gaming has entered into representation agreements (in this paragraph, the “**Agreements**”) with various third-party advertising sellers (the “**Representatives**”). Under the Agreements, Enthusiast Gaming and the Representatives form advertising networks. Representatives are provided with the exclusive third-party right to sell “direct” advertising inventory for Enthusiast Gaming, meaning

advertising inventory such as social media and e-mail marketing campaigns. Representatives receive varying commissions that range from 10% to 100% for advertising inventory sold through direct advertising, real-time bidding private exchanges or marketplaces, programmatic advertising, and as commissionable sales, depending on whether Enthusiast Gaming or the Representatives place the sales and whether the websites are owned/operated and affiliated with Enthusiast Gaming or the Representatives. The parties agree to register with analytics services, and split costs associated therewith equally. The initial term of the Agreements is typically one year, and automatically renews for successive one year periods thereafter (in this paragraph, the “**Term**”). The Agreements may typically be terminated upon 60 days’ written notice by either party. The parties provide mutual indemnification in the event of each party’s breach of the Agreement. The parties agree during the Term and for the twelve months thereafter not to solicit, induce, recruit or encourage any owned/operated or affiliated website of the other party or its subsidiaries to suspend, cancel or terminate its third-party advertising sales relationship with said party and if such term is breached, the breaching party shall pay to the other as liquidated damages an amount equal to 100% of the last 12 months’ annual direct advertising revenue earned.

Affiliate Representation Contracts

Enthusiast Gaming has entered into various affiliate agreements (in this paragraph, each an “**Agreement**”) with affiliate publishers (“**Publishers**”). Affiliates operate one or more websites that contain content related to video gaming. Under each Agreement, Enthusiast Gaming acts as a third-party representative of the Affiliate for advertising sales services, whereby Enthusiast Gaming sells banner and video advertisements, “skins”, in-content ads, and solicits email newsletters on the Affiliate’s websites and any sites acquired or created by the Affiliate during the term of the Agreement. The Affiliate agrees not to place links on its websites to illegal, undesirable, or abusive content, as specified in the Agreement. The Affiliate will receive a negotiated portion of the revenue earned, less any commissions paid to third parties. The Agreements generally contain basic non-disclosure, non-use and confidentiality terms. Each party’s damages are typically limited to an amount equal to 100% of the last 12 months’ revenue earned by the Affiliate. Affiliates also generally agree during the Term and for the twelve months thereafter not to solicit, induce, recruit or encourage any employee, customer, or supplier of Enthusiast Gaming or its subsidiaries and if such term is breached, the breaching party shall pay to the other as liquidated damages an amount equal to 100% of the employee’s annual compensation including salary and bonuses.

Acquisition Agreements

See “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of the Business – Three Year History – Significant Acquisitions and Events” regarding the details of the acquisitions of Desctructoid, Pixelfame, Gamnesia, Daily Esports, Canada Cup, Gameumentary, The Escapist, IncGamers, Operation Sports, Steel Media, The Sims Resource, Waveform, Addicting Games, and Planet Destiny.

Arrangement Agreement

Arrangement Agreement dated May 30, 2019, between J55, Enthusiast Gaming and GameCo. See “Appendix 2 – Information Concerning the Arrangement”.

Loan Agreement

Loan Agreement dated May 30, 2019 between GameCo and Enthusiast Gaming for the Bridge Loan in the aggregate principal amount of \$10,000,000. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Material Contracts – Bridge Loan”.

Executive Compensation

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

- (a) each individual who, in respect of Enthusiast Gaming, 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 Enthusiast Gaming;
- (b) each individual who, in respect of Enthusiast Gaming, 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 Enthusiast Gaming;
- (c) in respect of Enthusiast Gaming 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 Enthusiast Gaming, nor acting in a similar capacity, as at December 31, 2018.

During the financial year ended December 31, 2018, Enthusiast Gaming had three NEOs: namely, Menashe Kestenbaum, CEO, Eric Bernofsky, COO, and Gadi Levin, CFO.

Compensation Discussion and Analysis

The purpose of this compensation discussion and analysis is to provide information about Enthusiast Gaming’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 “**Enthusiast Compensation Committee**”) oversees the remuneration policies of Enthusiast Gaming. The principal responsibilities of the Enthusiast Compensation Committee include: (i) considering Enthusiast Gaming’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 Enthusiast Gaming’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 Enthusiast Gaming; and (iii) making recommendations to the Enthusiast 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 Enthusiast Compensation Committee is currently comprised of Ben Colabrese (Chair), Chris Frostad, and Alan Friedman.

Enthusiast Gaming’s principal goal is to create value for the Enthusiast Shareholders. Enthusiast Gaming’s compensation philosophy reflects this goal and is based on the following fundamental principles:

1. compensation programs align with Enthusiast Shareholders’ interests – Enthusiast Gaming aligns the goals of executives with maximizing long-term Enthusiast Shareholder value;

2. performance sensitive – compensation for executive officers should be linked to operating and market performance of Enthusiast Gaming 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 Enthusiast Gaming 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 Enthusiast 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 Enthusiast 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 Enthusiast Gaming Chooses to Pay Each Element

Enthusiast Gaming's compensation program includes discretionary cash bonuses, in addition to base salaries and Enthusiast Options. The following table provides a broad overview of the elements of Enthusiast Gaming'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
Enthusiast 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 Enthusiast Board

How Enthusiast Gaming 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 Enthusiast Board and the Enthusiast 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. Enthusiast Gaming 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.

Enthusiast Options

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

Discretionary Cash Bonuses

As part of the compensation program, cash bonuses are paid at the discretion of the Enthusiast Board on the recommendation of the Enthusiast Compensation Committee, based upon the achievement of certain individual and corporate performance criteria. Cash bonuses awarded at the recommendation of the Enthusiast Compensation Committee are intended to be generally competitive with the market, while rewarding NEOs for meeting performance goals. The Enthusiast Compensation Committee considers not only Enthusiast Gaming'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 Enthusiast Compensation Committee considers the following factors in determining discretionary cash bonuses: (i) Enthusiast Share price performance; (ii) growth in cash flow on a per Enthusiast Share basis; (iii) growth in net asset value on a per Enthusiast Share basis; (iv) growth in production on a per Enthusiast 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 Enthusiast Compensation Committee and the Enthusiast Board consider risks associated with executive compensation and does not believe that Enthusiast Gaming'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 Enthusiast 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 Enthusiast 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 Enthusiast Gaming are not permitted to engage in "short" selling securities of Enthusiast Gaming or to buy or sell derivative securities in respect of Enthusiast Gaming's securities.

Summary Compensation Table

The compensation paid to the NEOs during Enthusiast Gaming'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	Year Ended Dec 31	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Menashe Kestenbaum <i>President, Chief Executive Officer, and Director</i>	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 <i>Chief Operating Officer and Senior Vice-President</i>	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 <i>Chief Financial Officer</i>	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

(1) Based on the amount recorded as Enthusiast Option-based compensation in Enthusiast Gaming's audited financial statements for each year, in respect of each NEO. Enthusiast Gaming follows the fair value method of accounting for all stock-based compensation arrangements. The values reported represent an estimate of the grant date fair value of the Enthusiast 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 attached at Appendix 13 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 Enthusiast Options. The Black-Scholes methodology was selected in order to maintain consistency with Enthusiast Gaming'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 "Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Executive Compensation - Termination of Employment or Change of Control".

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.

	Option-Based Awards				Share-Based Awards		
NEO	Number of Securities Underlying Unexercised Enthusiast Options (#)	Enthusiast Option Exercise Price (\$)	Enthusiast Option Expiration Date	Value of Unexercised in-the-money Enthusiast Options (\$) ⁽¹⁾	Number of Enthusiast 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 <i>President, CEO, and Director</i>	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 <i>COO and Senior Vice-President</i>	491,154	\$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 <i>CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ Calculated by multiplying the number of Enthusiast Shares purchasable on exercise of the Enthusiast Options by the difference between the market price of the Enthusiast Shares as at December 31, 2018 and the exercise price of the Enthusiast Options. The closing price of the Enthusiast Shares on the TSXV on December 31, 2018 was \$1.00.

Enthusiast Option Plan

Enthusiast Gaming has an incentive stock option plan that provides that the Enthusiast Board may from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers and employees of Enthusiast Gaming as well as management, employees and consultants, non-transferable options to purchase Enthusiast Shares, provided that the number of Enthusiast Shares reserved for issuance will not exceed 10% of the total issued and outstanding Enthusiast Shares, exercisable for a period of up to five (5) years from the date of the grant. Pursuant to the Enthusiast Option Plan, the maximum number of Enthusiast 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 Enthusiast Shares at the date of grant. The maximum number of Enthusiast Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Enthusiast Shares at the date of grant and the maximum number of Enthusiast 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 Enthusiast Shares at the date of grant.

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

NEO	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 <i>President, CEO, and Director</i>	\$246,347	Nil	Nil
Eric Bernofsky <i>COO and Senior Vice-President</i>	\$284,539	Nil	Nil
Gadi Levin <i>CFO</i>	Nil	Nil	Nil

⁽¹⁾ Based on the difference between the market price of the Enthusiast Shares at the vesting date and the exercise price of the Enthusiast Options. No awards vested to the NEOs of Enthusiast Gaming pursuant to the Enthusiast 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 “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Executive Compensation – NEO Outstanding Option-Based Awards and Share-Based Awards”.

Pension Plan Benefits

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

Deferred Compensation Plan

Enthusiast Gaming has not established a deferred compensation plan for the NEOs or other employees of Enthusiast Gaming.

Termination of Employment and Change of Control

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

Menashe Kestenbaum - President, CEO, and Director

EGI (a wholly-owned subsidiary of Enthusiast Gaming) 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 serve as President and CEO of Enthusiast Gaming. 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 Enthusiast Options in such amounts as are determined by the Enthusiast 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 Gaming 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 Kestenbaum Agreement within 90 days of the occurrence of a Change of Control (as defined in the Kestenbaum Agreement) of Enthusiast Gaming, 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 and for the 6 month period thereafter.

Eric Bernofsky – COO and Senior Vice President Finance

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 Enthusiast Options in such amounts as are determined by the Enthusiast 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 Gaming if Mr. Bernofsky engages in materially detrimental, fraudulent, or dishonest acts related to Enthusiast Gaming, 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 Gaming 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 (as defined in the Bernofsky Agreement) of Enthusiast Gaming, 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 and for the 6 month period thereafter.

Gadi Levin - CFO

Mr. Levin does not have a written executive employment agreement with Enthusiast Gaming.

Director Compensation

Director Compensation Table

The compensation paid to the directors of Enthusiast Gaming (excluding directors who were also a NEO) during Enthusiast Gaming'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 (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Alan Friedman <i>Director</i>	2018	Nil	Nil	\$51,384	Nil	Nil	\$156,441	\$207,825
Meir Bulua <i>Director</i>	2018	Nil	Nil	\$19,846	Nil	Nil	\$138,000 ⁽²⁾	\$157,846
Chris Frostad <i>Director</i>	2018	\$10,500	Nil	\$11,500 ⁽³⁾	Nil	Nil	Nil	\$22,000
Ben Colabrese <i>Director</i>	2018	\$10,500	Nil	\$11,500	Nil	Nil	Nil	\$22,000

Notes:

- ⁽¹⁾ Based on the amount recorded as Option-based compensation in Enthusiast Gaming's audited financial statements for each year, in respect of each director.
- ⁽²⁾ Paid to a company owned by the director.
- ⁽³⁾ Pursuant to a resolution of the directors of Enthusiast Gaming, the terms of the Enthusiast Options awarded to Mr. Frostad have been amended to provide that all of Mr. Frostad's Enthusiast Options will vest immediately upon Mr. Frostad ceasing to be an executive, consultant, or management company employee and that such Enthusiast Options will expire no later than one year following the date that Mr. Frostad ceases to be an executive, consultant, or management company employee.

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 Enthusiast Gaming in attracting and retaining a team of experienced directors with the aim of enhancing Enthusiast 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 (including those who are also NEOs) which were outstanding as at December 31, 2018.

NEO	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Enthusiast Options (#)	Enthusiast Option Exercise Price (\$)	Enthusiast Option Expiration Date	Value of Unexercised in-the-money Enthusiast Options (\$) ⁽¹⁾	Number of Enthusiast Shares or Units of Enthusiast 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 <i>Director</i>	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 <i>Director</i>	176,923	\$0.13	November 18, 2020	\$171,323	Nil	Nil	Nil
	157,879	\$0.20	November 18, 2022	\$126,303	Nil	Nil	Nil
Chris Frostad <i>Director</i>	25,000 ⁽²⁾	\$1.25	November 14, 2023	Nil	Nil	Nil	Nil
Ben Colabrese <i>Director</i>	25,000	\$1.25	November 14, 2023	Nil	Nil	Nil	Nil

Notes:

- ⁽¹⁾ Calculated by multiplying the number of Enthusiast Shares purchasable on exercise of the Enthusiast Options by the difference between the market price of the Enthusiast Shares as at December 31, 2018 and the exercise price of the Enthusiast Options. The closing price of the Enthusiast Shares on the TSXV on December 31, 2018 was \$1.00.
- ⁽²⁾ Pursuant to a resolution of the directors of Enthusiast Gaming, the terms of the Enthusiast Options awarded to Mr. Frostad have been amended to provide that all of Mr. Frostad's Enthusiast Options will vest immediately upon Mr. Frostad ceasing to be an executive, consultant, or management company employee and that such Enthusiast Options will expire no later than one year following the date that Mr. Frostad ceases to be an executive, consultant, or management company employee.

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 <i>Director</i>	\$177,400	Nil	Nil
Meir Bulua <i>Director</i>	\$72,098	Nil	Nil
Chris Frostad <i>Director</i>	Nil	Nil	Nil
Ben Colabrese <i>Director</i>	Nil	Nil	Nil

- ⁽¹⁾ Based on the difference between the market price of the Enthusiast Shares at the vesting date and the exercise price of the Enthusiast 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 “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Executive Compensation - Director Outstanding Option-Based Awards and Share-Based Awards”.

Other Compensation

Other than as set forth herein, Enthusiast Gaming 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.

Indebtedness of Directors and Executive Officers

The below table outlines the aggregate indebtedness of the directors and executive officers of Enthusiast Gaming outstanding as at July 16, 2019:

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To Enthusiast Gaming or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Others	206,787 ⁽¹⁾	Nil

Note:

- (1) As at July 16, 2019, Enthusiast Gaming has loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$58,676, \$55,905 and \$48,552 respectively. The loans receivable bears interest at bank's prime interest rate (July 16, 2019 – 3.95%) and matures on August 1, 2019. Enthusiast Gaming also has an additional loan receivable from the Chief Executive Officer in the amount of \$43,664, which bears interest at bank's prime interest rate (July 16, 2019 – 3.95%) and matures on August 31, 2020.

No indebtedness of any current or former director, executive officer, proposed nominee for election to the board, or associate of such person is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Enthusiast Gaming.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as at the date of this Circular.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,545,274	\$0.45	5,081,111
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,545,274	\$0.45	5,081,111

Corporate Governance

Directors and Officers

The following are the names and provinces or states of residence of the directors and officers of Enthusiast Gaming as of March 31, 2019, the positions and offices held with Enthusiast Gaming, each of their respective principal occupations within the five preceding years. Each director will hold office until the next annual meeting of Enthusiast Gaming unless his office is earlier vacated in accordance with the OBCA.

Name and city of residence of each Proposed Director and Officer ⁽¹⁾	Position Held with Enthusiast Gaming	Director or Officer of Enthusiast Gaming Since
Menashe Kestenbaum <i>Ontario, Canada</i>	Chief Executive Officer, and Director	August 27, 2018
Eric Bernofsky <i>Ontario, Canada</i>	Chief Operating Officer and Senior VP Finance	August 27, 2018
Meir Bulua <i>Michigan, United States</i>	Chief Information Officer, Director	August 27, 2018
Alan Friedman <i>Ontario, Canada</i>	Chair, Independent Director	August 27, 2018
Ben Colabrese <i>Ontario, Canada</i>	Independent Director	August 27, 2018
Gadi Levin <i>Azri'el, Israel</i>	Chief Financial Officer	August 27, 2018
Chris Frostad <i>Ontario, Canada</i>	Independent Director	August 27, 2018

The term of office of the directors expires annually at the time of the Enthusiast Gaming's annual meeting or when or until their successors are duly appointed or elected. The term of office of the Enthusiast Gaming's executive officers is subject to the discretion of the Enthusiast Gaming's directors. Currently, three (3) out of five (5) of the directors of Enthusiast Gaming are considered independent of Enthusiast Gaming. The directors who are considered independent are Alan Friedman, Ben Colabrese, and Chris Frostad. Menashe Kestenbaum and Meir Bulua are not independent of Enthusiast Gaming as they are members of or involved with management of Enthusiast Gaming.

Biographies of Directors and Executive Officers

The following is a brief description of each of the executive officers and directors for Enthusiast Gaming (including details with regard to their principal occupations for the last five years). The officers of Enthusiast Gaming will devote one hundred percent (100%) of their time and attention to the business of Enthusiast Gaming.

Menashe Kestenbaum, Chief Executive Officer and Director (Age: 34)

Menashe Kestenbaum is the Chief Executive Officer and founder of Enthusiast Gaming. He began his career in video games when he was 13, writing for IGN, the large gaming media site, where he eventually becoming a community leader. After studying and subsequently lecturing in the Institute of Advanced Talmudic Law in Jerusalem for eight years, Menashe returned to his passion for the video game industry and launched his first gaming blog, “Nintendo Enthusiast”, in 2011. In 2014, he returned to Toronto and incorporated Enthusiast Gaming Inc. He has personally owned and operated gaming websites to a readership of over 2 million gamers and has led Enthusiast Gaming to growing a writing and community staff team of over 84 people.

Eric Bernofsky, Chief Operating Officer and Senior VP Finance (Age: 41)

Eric Bernofsky is the Chief Operating Officer and Senior VP, Finance at Enthusiast Gaming. Previously, Mr. Bernofsky was CFO of Enthusiast Gaming from 2015-2018 overseeing all areas of Finance and Capital Resource management including raising three rounds of capital. In 2018, he oversaw Enthusiast Gaming’s Qualifying Transaction. Prior to that he spent five years as Director of Corporate Development for Pelmorex Media, the owner of The Weather Network, where he led M&A and strategy as the Director of Corporate Development, completing major acquisitions in the US and Europe as well as cofounding a consumer navigation business. Prior to that, Mr. Bernofsky spent nine years as an Equities Research Analyst for Desjardins Securities and HSBC, covering the Canadian media, telecom and technology sectors.

Meir Bulua, Chief Information Officer, Director (Age: 36)

Meir Bulua plays a key role in driving Enthusiast Gaming’s technology strategy. Meir Bulua is an entrepreneur, experienced startup consultant and advisor with ten years of experience in the start-up, scale-up and non-profit spaces, both in Toronto and Detroit. Meir’s startup experience includes creating an inventory management software utilized by Red Bull, to an active-wear company, a co-working space and most recently, Enthusiast Gaming. Meir has consulted for more than a dozen charities and has served as a board member for a community focused organization focusing on young professional outreach and engagement.

Gadi Levin, Chief Financial Officer (Age: 46)

Mr. Levin is a chartered accountant with many years of experience in the public and private equity markets. He is currently the Finance Director of Eco (Atlantic) Oil & Gas Ltd., CFO of Vaxil Bio Ltd, BriaCell Therapeutics and Adira Energy Ltd. and formally the CFO of Daria Health. His experience spans multiple jurisdictions including South Africa, England and Israel. He has a Bachelor of Commerce degree in Accounting and Information Systems, has received his Chartered Accountant designation in South Africa and has an MBA from Bar Ilan University in Israel.

Alan Friedman, Chairman and Independent Director (Age: 47)

Alan Friedman has been associated with the North American public markets for almost two decades and has a depth of experience in representing, advising and assisting Canadian and global companies in acquiring assets, accessing capital, advising on mergers & acquisitions and navigating going public processes onto Canadian, United States and United Kingdom stock exchanges with accompanying equity capital raisings. During his Bay Street career, he has been involved with or facilitated significant financings. Friedman was a former director of Cronos Group; seed investor and business board advisor of Avicanna. He was or is a co-founder, director and/or senior executive of the following private and public companies: Adira Energy Ltd., Auryx Gold Corp. sold for \$180mm, Eco (Atlantic) Oil & Gas Ltd., Tembo Financial Inc., and Osino Resources. Alan obtained a Bachelor of Commerce and post grad in Law at University of South Africa and is an admitted attorney of the High Court of South Africa. He also worked for Investec Bank a global banking group and is a board member of the Canada Africa Chamber of Business promoting trade relations between Africa and Canada. He is currently a principal of Bayline Capital Partners, a financial advisory firm that is engaged in providing clients with advisory services relating to fund raising, corporate strategic alternatives and go-public transactions.

Christopher Frostad, Independent Director (Age: 62)

Chris Frostad is the founding Director, President and Chief Executive Officer of Purepoint Uranium Group Inc. (TSXV:PTU), a uranium exploration company with advanced projects in Saskatchewan, Canada. He was a Director and the Chief Executive Officer of Minera Alamos Inc. (TSXV:MAI), a gold and copper development company with mining projects in Mexico. Throughout his 35 year career, Mr. Frostad has been instrumental in the development of a variety of high growth, early stage, public and private companies. Prior to 2005, Mr. Frostad spent nearly two decades in the technology industry culminating in his role as CEO in Residence at Brightspark Ventures, a Toronto-based technology venture capital firm. Mr. Frostad is a frequent speaker and guest lecturer at numerous business conferences which have included the INSEAD School of Business in Fountainbleu, France and at ABB's Learning Center in Zurich, Switzerland. Mr. Frostad holds an Honours Business Administration degree from Wilfrid Laurier University and is a Chartered Accountant and a Chartered Professional Accountant.

Ben Colabrese, Independent Director (Age: 52)

Ben Colabrese is employed as the Executive Vice President – Finance at The Toronto Blue Jays, which is wholly owned by Rogers Communications Inc. (TSX: RCI.B). He is responsible for all financial matters at the Blue Jays including all reporting to the parent company and Major League Baseball. Ben has been with Rogers since 2015 where he held the roles of VP & GM of Mobilicity (which Rogers acquired in 2015), and then SVP Finance, before moving to his current role at the Blue Jays. From May 2013 to December 2014, Ben was the Chief Financial Officer of Pelmorex Media Inc. / The Weather Network. Prior to joining Pelmorex, Ben was the VP – Corporate Development at Rogers from July 2005 to April 2013 where he was responsible for all M&A activity and completed over 30 transactions. From July 2015 to January 2017, Ben served on the board of Perk.com until it was acquired by RhythmOne. Since November 2017, Ben has served on the board of Vecima Networks (TSX:VCM).

Other Reporting Issuer Experience

The following table sets out the directors, officers, and Promoters of Enthusiast Gaming that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Reporting Issuer Name and Jurisdiction	Name of Trading Market	Position	From	To
Alan Friedman	Cronos Group Inc.	TSX and NASDAQ	Director	January 2014	March 8, 2019
	Eco (Atlantic) Oil & Gas Ltd.	TSXV	Director, Executive Vice President	December 2011	Present
	James E. Wagner Cultivation Corporation	TSXV	Director	August 2017	June 2018
	Adira Energy Ltd.	TSX	Executive Vice President, Corporate Development, Director	August 2009	April 2018
	Vaxil Bio Ltd.	TSXV	Director	August 2013	February 2016
	AIM3 Ventures Inc.	TSXV	Director	February 2018	Present
	Canopy Rivers Inc.	TSXV	Director	February 2018	September 2018
	Osino Resources Corp. (formerly Romulus Resources Ltd.)	TSXV	Director	June 2018	Present
	Tova Ventures II Inc.	TSXV	Director	September 2017	Present
	B2Gold Corp.	TSXV	Director	December 2011	December 2011
	Goldplay Exploration Ltd. (formerly Soleil Capital Corp.)	TSXV	Director	March 2018	Present
	AIM4 Ventures Inc. ⁽¹⁾	TSXV	Director	May 2019	Present
	RG One Corp.	CSE	Director	November 2016	Present
Ben Colabrese	Rogers Communications Inc.	TSX	Executive Vice President, Finance	July 2015	Present
	Vecima Networks	TSX	Director	November 2017	Present
	Perk Inc. (formerly Perk.com Inc.)	OTCQB	Director	July 2015	January 2017
Gadi Levin	Eco (Atlantic) Oil & Gas Ltd.	TSXV	Finance Director	December 30, 2016	Present
	Vaxil Bio Ltd.	TSXV	Chief Financial Officer	October 2016	Present
	BriaCell Therapeutics Corp.	TSXV	Chief Financial Officer	February 2016	Present
	Adira Energy Ltd.	TSXV	Chief Financial Officer Director	January 2011 September 2015	March 2018 March 2018

Name	Reporting Issuer Name and Jurisdiction	Name of Trading Market	Position	From	To
	Dario Health	OCTQB (now NASDAQ)	Chief Financial Officer	November 2013	January 2015
Chris Frostad	Purepoint Uranium Group Inc.	TSXV	Director, President and Chief Executive Officer	June 2005	Present
	Victory Capital Corp.	TSXV	Director, President, CEO, CFO	November 2017	Present
	Minera Alamos Inc.	TSXV	Director, Chief Executive Officer	July 2010	May 2017

Note:

- (1) Not currently listed on any exchange.

Cease Trade Orders or Bankruptcies

No director, officer or Promoter of Enthusiast Gaming or a securityholder anticipated to hold a sufficient number of securities of Enthusiast Gaming to affect materially the control of Enthusiast Gaming is, or has been, within 10 years before the date of this Circular a director, officer or Promoter of any other person or corporation that, while that Person was acting in that capacity:

- (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a corporation, whether or not the Person is named in the order) or an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under applicable securities laws that was in effect for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As at the date hereof, no director, officer or Promoter of Enthusiast Gaming, or a securityholder anticipated to hold sufficient securities of Enthusiast Gaming to affect materially the control of Enthusiast Gaming, or a personal holding corporation of any such persons has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such persons.

As at the date of this Circular, no proposed director, officer or Promoter of Enthusiast Gaming, or a securityholder anticipated to hold sufficient securities of Enthusiast Gaming to affect materially the control of Enthusiast Gaming, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable securityholder making a decision about Enthusiast Gaming.

Conflicts of Interest

There are no known existing or potential conflicts of interest between Enthusiast Gaming or a subsidiary of Enthusiast Gaming and a director, officer or promoter of Enthusiast Gaming or a subsidiary of Enthusiast Gaming.

Certain proposed directors of Enthusiast Gaming are, or may in the future be, directors, officers or shareholders of other companies that are, or may in the future be, engaged in the business of, or enter into transactions with, Enthusiast Gaming. Such associations and transactions may give rise to conflicts of interest from time to time.

Committees of the Board of Directors

The board of directors of Enthusiast Gaming has an Audit Committee and a Compensation Committee. The descriptions of each committee can be found under “*Executive Compensation - Compensation Discussion and Analysis*” and “*Audit Committee Disclosure*”.

Code of Conduct and Insider Trading Policy

The board of directors of Enthusiast Gaming developed a Code of Conduct and Insider Trading Policy for Enthusiast Gaming’s directors, officers, employees, and consultants.

The purpose of the Code of Conduct is to assist all Enthusiast Gaming personnel in making decisions regarding the affairs of the company, including its subsidiaries. The Code of Conduct states basic principles that should guide the affairs of Enthusiast Gaming.

The Insider Trading Policy is to assist in ensuring that all Enthusiast Gaming directors, officer, and employees of Enthusiast Gaming avoid any improper securities transactions in violation of securities laws.

Audit Committee Disclosure

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

All members of the Audit Committee have been involved in the financing, administration and operation of managing small public and private companies for several years and have been either directly involved in the preparation of the financial statements, filing of the quarterly and annual financial statements, dealing with the auditors, or as a member of the Audit Committee. All members have the ability to read and understand the complexities surrounding financial statements that can reasonably be expected to be raised by Enthusiast Gaming’s Financial Statements. For further information regarding the biographies of the members of the Audit Committee see “*Appendix 5 - Information Concerning Enthusiast Gaming Holdings Inc. - Corporate Governance*”.

Audit Committee Oversight

At no time since the commencement of the Enthusiast Gaming’s most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of Enthusiast Gaming's most recently completed financial period has Enthusiast Gaming relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

External Auditor Service Fees (By Category)

The aggregate fees billed by Enthusiast Gaming's external auditors for the last three completed financial years for audit fees are approximately as follows:

Financial Period Ending	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2018	200,000	60,000	35,000	30,000
December 31, 2017	70,000	nil	10,000	nil
December 31, 2016	50,000	nil	nil	nil

Audit Committee Charter

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services. The charter of the Audit Committee is set out in "*Appendix 24 – Audit Committee Charter of Enthusiast Gaming Holdings Inc.*"

Risk Factors

Further information regarding risk factors can be found under the heading "*Risk Factors*" in this Circular.

APPENDIX 6

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transactions basis and is reflective of the projected pro forma business, financial and share capital position of the Resulting Issuer assuming completion of the Amalgamation and the Arrangement. It should be read in conjunction with the information concerning the Amalgamation and the Arrangement appearing elsewhere in the joint Management Information Circular (the “Circular”) to which this Appendix 6 is attached. All capitalized terms that are not otherwise defined in this Appendix 6 shall have the meanings ascribed thereto in the Circular.

As the Resulting Issuer will be the same corporate entity as J55, this section only includes information respecting J55 (and GameCo and Enthusiast Gaming, as applicable) after the Transactions that is materially different from information provided elsewhere in the Circular, including Appendices thereto, regarding J55, GameCo and Enthusiast Gaming pre-Transactions. See “Appendix 3 – Information Concerning J55 Capital Corp.”, “Appendix 4 – Information Concerning Aquilini GameCo Inc.” and “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc.” for additional information regarding J55, GameCo and Enthusiast Gaming, respectively. See also the pro forma financial statements of the Resulting Issuer attached hereto as Appendix 15.

Unless otherwise noted, all J55 Share amounts and exercise prices for J55 Convertible Securities set out in this Appendix 6 have been adjusted to reflect the Consolidations, as completion of the First Consolidation is a condition to the closing of the Amalgamation and, subject to the approval of the TSXV, the Resulting Issuer will effect the Second Consolidation immediately following the Arrangement Closing.

Name and Incorporation

On the Arrangement Closing, J55 intends to change its name to “Enthusiast Gaming Holdings Inc.”

It is expected that the head office of the Resulting Issuer will be located at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario M4P 2Y3, and the registered and records office of the Resulting Issuer will be located at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia, V6B 0M3. Upon completion of the Transactions, the Resulting Issuer will own all of the issued and outstanding GameCo Shares and all of the issued and outstanding Enthusiast Shares.

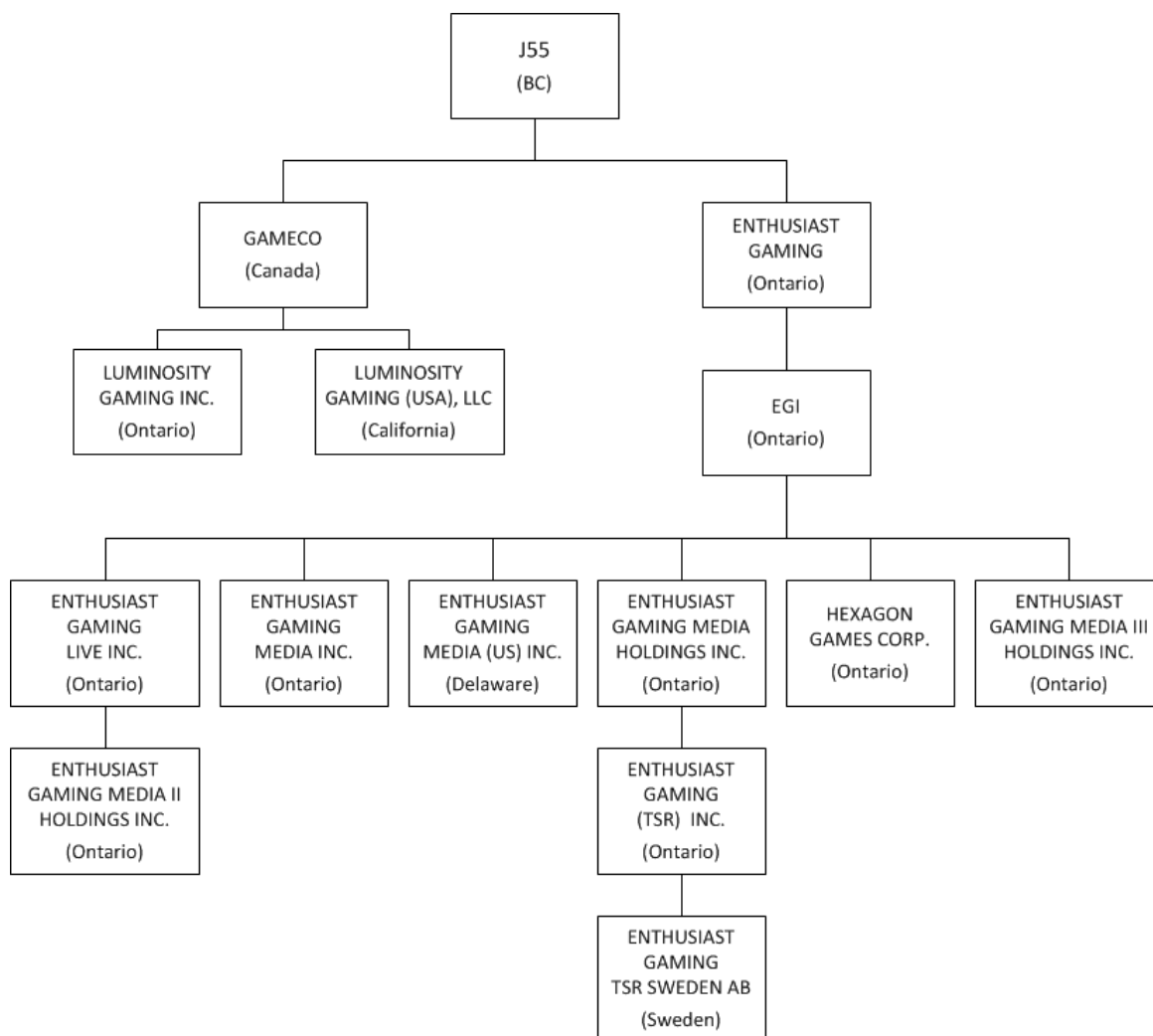
Intercorporate Relationships

The following table describes the subsidiaries of the Resulting Issuer, following completion of the Transactions, their place of incorporation, continuance or formation, and the percentage of voting securities that will be beneficially owned, controlled or directed by the Resulting Issuer.

Name of Subsidiary	Percentage of Voting Securities Owned	Jurisdiction of Incorporation or Continuance
Aquilini GameCo Inc. (Amalco)	100% (direct)	Canada
Luminosity Gaming Inc.	100% (indirect)	Canada
Luminosity Gaming (USA), LLC	100% (indirect)	California
Enthusiast Gaming Properties Inc. (formerly Enthusiast Gaming)	100% (direct)	Ontario
Enthusiast Gaming Inc.	100% (indirect)	Ontario
Enthusiast Gaming Live Inc.	100% (indirect)	Ontario
Enthusiast Gaming Media II Holdings Inc.	100% (indirect)	Ontario
Enthusiast Gaming Media Inc.	100% (indirect)	Ontario
Enthusiast Gaming Media (US) Inc.	100% (indirect)	Delaware

Enthusiast Gaming Media Holdings Inc.	100% (indirect)	Ontario
Enthusiast Gaming (TSR) Inc.	100% (indirect)	Ontario
Enthusiast Gaming TSR Sweden AB	100% (indirect)	Sweden
Hexagon Games Corp.	100% (indirect)	Ontario
Enthusiast Gaming Media III Holdings Inc.	100% (indirect)	Ontario

A corporate organizational chart reflecting the proposed structure of the Resulting Issuer is set forth below:



Narrative Description of the Business

Principal Business

Upon completion of the Transactions, the Resulting Issuer's businesses will be that of GameCo, including Luminosity, and Enthusiast Gaming. See "Appendix 4 – Information Concerning Aquilini GameCo Inc. – Narrative Description of the Business".

Business Objectives and Milestones

Business Objectives

The Resulting Issuer's business will be the combined business of Enthusiast Gaming, GameCo, and Luminosity. See *"Information Concerning Aquilini GameCo – Narrative Description of Business"* and *"Information Concerning Enthusiast – Narrative Description of Business"*. The Resulting Issuer intends to become a dominant esports and gaming enterprise made up of interrelated assets operations that derive significant revenue from across the esports value chain.

Collectively, the Resulting Issuer intends to utilize available funds to establish an overarching network of infrastructure to facilitate the individual lines of business of Enthusiast Gaming, GameCo and Luminosity respectively and to allow the businesses to benefit from the synergies, operational efficiencies, and scalability of a larger esports and gaming enterprise. See *"Information Concerning Aquilini GameCo – Narrative Description of Business"*, *"Information Concerning Enthusiast – Narrative Description of Business"* and *"Information Concerning Luminosity – Narrative Description of Business"*.

The Resulting Issuer may, for sound business reasons and at the discretion of the board of directors of the Resulting Issuer, change its objectives from what is stated in this Circular. There is no assurance that the Resulting Issuer will be successful in meeting the objectives described above. See the section titled *"Risk Factors"* of the Circular for information relating to the risks associated with the business of the Resulting Issuer.

Milestones

In order to accomplish the business objectives stated above, the Resulting Issuer intends to spend the funds available to it on the completion of the Transactions to reach the following milestones in the next twelve months.

The following milestones are targeted upon completion of the Amalgamation:

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
0 to 3 months	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000
	Phase 1 CRM Plan	Development of an ideal state CRM plan with technological infrastructure mapping	\$60,000
	Initial staffing of key hires	- Hiring of Marketing and Partnership Manager - Hiring of Social Media Manager - Hiring of Videographer - Hiring of General Manager (Operations) - Hiring of Creative Director - Hiring of Graphic Designer	\$195,000 (quarterly cost)
3 to 6 months	Phase 2 CRM Plan	Deployment of the CRM	\$75,000 (with additional \$20,000 monthly

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
			operational costs thereafter)
	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to Five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)
6 to 9 months	Acquire complementary esports or gaming assets or business	Identify and acquire or invest in complementary businesses or assets which would support the growth of the position as an esports and gaming media enterprise for esports teams, players, streamers, audiences and enthusiasts	\$4,000,000
	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)
9 to 12 months	Esports team expansions	Expand the Luminosity brand into additional gaming titles by acquiring or assembling new teams, or enhance existing teams with additional top tier talent	\$150,000 (additional)
	Expansion of staffing levels	Three to five additional hires focused on the areas of content, sales, and marketing	\$50,000 (quarterly cost)

The following milestones, in addition to those listed above, are targeted upon completion of the Arrangement:

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
0 to 3 months	Eliminate The Sims earn-out payments	By paying the remainder of The Sims purchase costs, the Resulting Issuer can immediately recognize the full value of the acquisition by eliminating the earn-out obligations	\$18,000,000
3 to 6 months	Expansion of staffing levels	Two to four additional hires focused on the areas of content, sales, and marketing	\$40,000 (quarterly cost)
6 to 9 months	Expansion of staffing levels	Two to four additional hires focused on the areas of content, sales, and marketing	\$40,000 (quarterly cost)

Timeframe Post-Closing	Business Objectives	Milestone/Notes	Estimated Cost to Complete
9 to 12 months	Geographic expansion of EGLX	Expand the EGLX conference to an additional city in North America	\$800,000
	Expansion of staffing levels	Two to four additional hires focused on the areas of content, sales, and marketing	\$40,000 (quarterly cost)

Description of the Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares and an unlimited number of Resulting Issuer Preferred Shares. Following completion of the Transactions, and after giving effect to the Consolidations, approximately 70,791,731 Resulting Issuer Shares are expected to be issued and outstanding, and no Resulting Issuer Preferred Shares are expected to be issued and outstanding. The rights and restrictions attached to the Resulting Issuer Shares and the Resulting Issuer Preferred Shares are expected to be identical to those of the J55 Shares and the J55 Preferred Shares, as described in “Appendix 3 –Information Concerning J55 Capital Corp. – Description of Securities”.

Resulting Issuer Shares

Following completion of the Transactions, and after giving effect to the Consolidations, the following Resulting Issuer Shares are expected to be outstanding:

Resulting Issuer Shares	Number
Resulting Issuer Shares issued as at the date of this Circular	1,900,000
J55 Amalgamation Consideration Shares to be issued to GameCo Shareholders at Amalgamation Closing	39,061,091 ⁽¹⁾
J55 Arrangement Consideration Shares to be issued to Enthusiast Shareholders at Arrangement Closing	26,899,269
Resulting Issuer Shares to be issued on the conversion of J55 Arrangement Consideration Debentures at Arrangement Closing	2,777,777
Resulting Issuer Shares to be issued pursuant to the proposed Mandell Consulting Agreement ⁽²⁾	416,666
Total	71,054,803

Notes

⁽¹⁾ The number of J55 Amalgamation Consideration Shares to be issued is an estimate and assumes that: (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent’s Shares in lieu of cash as the GameCo Agent’s Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.

⁽²⁾ The Mandell Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the Resulting Issuer Shares thereunder and the issue price of such shares remain subject to TSXV approval.

Resulting Issuer Warrants

Following completion of the Transactions, the following Resulting Issuer Warrants are expected to be outstanding:

J55 Warrants	Number	Exercise Price	Expiry Date
Currently outstanding J55 Agent's Warrants	40,000 ⁽¹⁾	\$1.00	December 12, 2020
J55 Amalgamation Consideration Warrants to be issued to GameCo Warrants holders at Closing	272,711 ⁽¹⁾	\$0.80	October 10, 2020
Total	312,711⁽²⁾		

⁽¹⁾ On a post-Consolidations basis.

⁽²⁾ In addition, the Resulting Issuer expects 12,400,938 Enthusiast Warrants will remain outstanding, which, pursuant to the terms of the Arrangement Agreement, will be exercisable into 6,541,495 post-Consolidations Resulting Issuer Shares in accordance with their terms.

Resulting Issuer Options

Following completion of the Transactions, the following Resulting Issuer Options are expected to be outstanding:

Resulting Issuer Options	Number	Exercise Price	Expiry Date
Resulting Issuer Shares issuable on exercise of J55 Options	171,000 ⁽¹⁾	\$1.00	December 2012, 2028
Resulting Issuer Shares issuable on exercise of J55 Charitable Options	19,000 ⁽¹⁾	\$1.00	The earlier of December 12, 2028 and the 90th day from the date that the optionee ceases to be an Eligible Charitable Organization
J55 Amalgamation Consideration Options to be issued to GameCo Option holders at Amalgamation Closing	1,237,500 ⁽¹⁾	\$2.40	5 years from the date of the closing of the Luminosity Acquisition
J55 Arrangement Consideration Options to be issued to Enthusiast Option holders at Arrangement Closing	2,397,632 ⁽¹⁾	Ranges from \$0.5275 to \$0.6594	Ranges from November 17, 2020 to November 29, 2024
Total	3,825,132⁽²⁾		

⁽¹⁾ On a post-Consolidations basis.

⁽²⁾ The Resulting Issuer Board intends to issue additional Resulting Issuer Options following Closing in amounts to be determined.

Pro Forma Consolidated Capitalization

The following table sets out the pro forma share and loan capitalization of the Resulting Issuer, on a consolidated basis, after giving effect to the Transactions, including the completion of the Consolidations. The information is based on, and should be read in conjunction with, the pro forma consolidated financial statements of the Resulting Issuer attached as Appendix 15:

Description	Amount Authorized or to be Authorized	Amount Outstanding after giving effect to the Transactions
Resulting Issuer Shares	Unlimited	71,054,803 ⁽¹⁾⁽²⁾⁽³⁾

- (1) 1,350,000 Resulting Issuer Shares (on a post-Consolidations basis) are expected to be held in escrow pursuant to the Escrow Agreement following Closing. This consists of the 1,500,000 J55 Shares (on a post-Consolidations basis) held in escrow immediately prior to the Final Exchange Bulletin less the 10% of Resulting Issuer Shares released on the issue of the Final Exchange Bulletin pursuant to the terms of the Escrow Agreement. See “Appendix 3 - Information Concerning J55 Capital Corp. – Escrowed Securities.”
- (2) The number of J55 Resulting Issuer Shares outstanding after giving effect to the Transactions is an estimate and assumes that, (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent’s Shares in lieu of cash as the GameCo Agent’s Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.
- (3) The number of J55 Resulting Issuer Shares outstanding after giving effect to the Transactions also assumes the issuance of 416,666 post-Consolidations Resulting Issuer Shares pursuant to the Mandell Consulting Agreement. The Mandell Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the Resulting Issuer Shares thereunder and the issue price of such shares remain subject to TSXV approval.
- (4) As at March 31, 2019, the pro forma retained earnings (deficit) of the Resulting Issuer was (10,585,047). See “Appendix 15 – Pro Forma Financial Statements of the Resulting Issuer”.

In addition, it is expected that, after giving effect to the Transactions, the Resulting Issuer will have an aggregate principal amount of \$9,000,000 in Enthusiast Debentures outstanding.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer (on a post-Consolidations basis) after giving effect to the Transactions:

	Number of Resulting Issuer Shares	Percentage
Held by existing J55 Shareholders	1,900,000	2.24%
J55 Amalgamation Consideration Shares ⁽¹⁾	39,061,091	46.07%
J55 Arrangement Consideration Shares	26,899,269	31.73%
Resulting Issuer Shares issuable on exercise of existing J55 Options	171,000	0.20%
Resulting Issuer Shares issuable on exercise of existing J55 Charitable Options	19,000	0.02%
Resulting Issuer Shares issuable on exercise of existing J55 Agent’s Warrants	40,000	0.05%
Resulting Issuer Shares issuable in connection with J55 Amalgamation Consideration Options	1,237,500	1.46%
Resulting Issuer Shares issuable in connection with J55 Amalgamation Consideration Warrants	272,711	0.32%
Resulting Issuer Shares issuable in connection with the conversion of GameCo Debentures on Arrangement Closing	2,777,777	3.28%
Resulting Issuer Shares issuable in connection with proposed Mandell Consulting Agreement ⁽²⁾	416,666	0.49%
Resulting Issuer Shares issuable in connection with J55 Arrangement Consideration Options	2,397,632	2.83%
Resulting Issuer Shares issuable in connection with Enthusiast Warrants	6,445,085	7.60%
Resulting Issuer Shares issuable in connection with Enthusiast Debentures	3,145,218	3.71%
Fully-Diluted Total	84,782,949	100.0%

Note:

- (1) The number of J55 Amalgamation Consideration Shares to be issued is an estimate and assumes that: (i) the GameCo Agent is to be issued the maximum 2,460,020 GameCo Agent’s Shares in lieu of cash as the GameCo Agent’s Fee in connection with the GameCo Subscription Receipt Financing, (ii) Canaccord Genuity Corp. will receive 1,666,667 GameCo

Shares as its advisory fee in connection with the Luminosity Acquisition, and (iii) 1,333,332 GameCo Shares will be issued to certain proposed consultants of GameCo for the provision of consulting services pursuant to a proposed consulting agreement.

- (2) The Mandell Consulting Agreement has not been entered into as of the date of this Circular and there is no assurance that it will be entered into. The issuance of the Resulting Issuer Shares thereunder and the issue price of such shares remain subject to TSXV approval.

Available Funds and Principal Purposes

The following table sets out information respecting the Resulting Issuer's sources of funds and intended uses of such funds upon completion of the Transactions:

Sources	Amount (\$)
J55 unaudited working capital as at June 30, 2019	1,022,394
GameCo unaudited working capital as at June 30, 2019	27,600,000
Luminosity unaudited working capital as at June 30, 2019	(1,300,000)
Total funds available upon completion of the Amalgamation	\$27,322,394
Enthusiast unaudited working capital as at June 30, 2019 ⁽¹⁾	(10,010,000)
Conversion of debt issued under the GameCo Debenture Offering	10,000,000
Total funds available upon completion of the Arrangement	\$27,312,394

Note:

- (1) Excludes the \$10,000,000 Bridge Loan which would be forgiven on completion of the Arrangement.

The amounts shown in the table above are estimates only and are based upon the information available to J55 and GameCo as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors.

Principal Purposes

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available funds on completion of the Transactions. The amounts shown in the table are estimates only and are based on the information available to Enthusiast, J55, and GameCo as of the date hereof. For additional information with respect to the expected use of funds, see the section entitled "Information Concerning the Resulting Issuer – Business Objectives and Milestones – Business Objectives".

Use of Funds	Upon Completion of Amalgamation Amount (\$)	Upon Completion of Amalgamation and Arrangement Amount (\$)
Balance of transaction costs	370,000	2,250,000 ⁽¹⁾
General and administrative expenses	780,000	1,310,000 ⁽²⁾
Sales and marketing expenses	1,330,000	2,260,000 ⁽³⁾
Strategic acquisitions	4,000,000	4,000,000 ⁽⁴⁾
Team expansions and acquisitions	600,000	600,000
Strategic expansions	Nil	600,000 ⁽⁵⁾
Interest payments on long-term debt	Nil	810,000
Amounts due on closing of the Luminosity Acquisition	3,500,000	3,500,000

Use of Funds	Upon Completion of Amalgamation Amount (\$)	Upon Completion of Amalgamation and Arrangement Amount (\$)
Unallocated funds	16,742,394 ⁽⁶⁾	11,982,394 ⁽⁶⁾
Total	27,322,394	27,312,394

⁽¹⁾ Includes legal fees of \$600,000, of which \$300,000 relate to the Amalgamation; TSXV and transfer agent fees of \$100,000, of which \$50,000 relate to the Amalgamation; expenses related to the J55 Meeting and the Enthusiast Meeting of \$50,000, of which \$20,000 relate to the Amalgamation; and advisory fees of \$1,500,000 which relate solely to the Arrangement.

⁽²⁾ The estimate of general and administrative expenses includes: salaries and benefits of \$2,170,000; occupancy costs of \$500,000; office expenses and supplies of \$100,000; legal, tax, audit and professional fees of \$1,200,000; investor relations fees of \$360,000; and other expenses of \$300,000. A significant portion of general and administration expenses are covered from funds generated through current operations and therefore only a portion of the use of proceeds is allocated to these expenses. Also included are milestone bonuses payable to certain officers of GameCo of \$125,000 upon completion of the Amalgamation and \$250,000 upon completion of the Arrangement.

⁽³⁾ The estimate of sales and marketing expenses includes salaries and benefits of \$930,000; brand related marketing initiatives of \$675,000; and trade related sales and marketing, including travel, of \$655,000.

⁽⁴⁾ Includes strategic acquisitions with cash outlays of \$4,000,000. Strategic acquisitions also includes the pay down of the Sims earn-out liability of \$18,000,000, to be incurred subsequent to the completion of the Arrangement. This figure is already included as a reduction of working capital and therefore is not reflected in the use of funds.

⁽⁵⁾ Includes the estimated costs of the expansion of the Enthusiast Gaming Live Expo to an additional city of \$800,000. A significant portion of these expenses are covered from ticket sales and other related revenue and therefore only a portion of the use of proceeds is allocated to this expense.

⁽⁶⁾ Unallocated funds will be added to the working capital of the Resulting Issuer.

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates the funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

Dividends or Distributions

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the J55 Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the J55 Shares will be entitled to an equal share in any dividends declared and paid.

Principal Securityholders

To the knowledge of GameCo, Enthusiast Gaming and J55, the following Persons are anticipated to own, of record or beneficially, directly or indirectly, or to exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transactions and Consolidations:

Name, and Municipality of Residence	Number of Resulting Issuer Shares Beneficially Owned, Controlled or Directed	Percentage (%)
Stephen Maida Toronto	7,500,000 ⁽¹⁾	10.56 ⁽¹⁾

⁽¹⁾ 7,750,000 securities, representing 9.14% on a fully-diluted basis.

Directors, Officers and Promoters

At the J55 Meeting, the Current Directors are expected to be elected as directors of J55. Assuming the J55 QT Resolution and the relevant resolution increasing the number of directors are passed at the J55 Meeting, the number of directors of the QT Resulting Issuer will be increased from four (4) to five (5) and the term of the Current Directors will expire upon completion of the Amalgamation; it is expected that the QT Directors will be elected.

Assuming that the J55 QT Resolution, the J55 Arrangement Resolution and the relevant resolution increasing the number of directors are each passed at the J55 Meeting, the number of directors of the Resulting Issuer will be further increased from five (5) to seven (7) and the term of the QT Directors will expire upon completion of the Arrangement; it is expected that the Arrangement Directors will be elected.

The table below sets out the name, municipality of residence, position with the Resulting Issuer, current principal occupation, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, excluding shares issuable on the exercise of options, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transactions and after giving effect to the Consolidations. Additional biographical information about each of these individuals is set out below under the heading "Management."

Name and Municipality of Residence and Position(s) to be Held at Closing	Principal Occupation Over the Past 5 Years	Resulting Issuer Shares Outstanding upon Closing	
		Number of Shares	Percentage (%)
Adrian Montgomery Toronto <i>CEO and Director</i>	Chief Executive Officer of Aquilini Sports and Entertainment from May 2017 to December 2018 Chief Executive Officer of QM Environmental Services from March 2015 to September 2017 President of Tuckamore Capital from January 2010 to February 2015	3,243,700	4.57%
Menashe Kestenbaum Toronto <i>President and Director</i>	Founder and CEO of Enthusiast Gaming	1,450,006	2.04%
Stephen Maida Toronto <i>President of esports and Director</i>	Founder and owner of Luminosity	7,500,000	10.56%
Corey Mandell Toronto <i>President of EGLive</i>	Principal of Mandell Entertainment	1,291,866	1.82%
Alex Macdonald Toronto <i>CFO</i>	Chief Financial Officer of Peeks Social Ltd.	Nil	0%

Name and Municipality of Residence and Position(s) to be Held at Closing	Principal Occupation Over the Past 5 Years	Resulting Issuer Shares Outstanding upon Closing	
		Number of Shares	Percentage (%)
Eric Bernofsky Toronto <i>Chief Operating Officer and Senior VP Finance</i>	COO and Senior VP Finance of Enthusiast Gaming Director of Corporate Development of Pelmorex Media	312,255	0.44%
Meir Bulua Detroit <i>Chief Information Officer</i>	Chief Information Officer of Enthusiast Gaming	1,110,346	1.56%
Francesco Aquilini Vancouver <i>Non-Executive Chairman and Director</i>	Managing Director of Aquilini Investment Group LP	3,212,612	4.52%
Michael Beckerman ⁽¹⁾ Toronto <i>Director</i>	Self-employed business consultant.	41,666	0.06%
Alan Friedman ⁽¹⁾ Toronto <i>Director</i>	Principal of Rivonia Capital Inc.	580,727	0.82%
Ben Colabrese ⁽¹⁾ Toronto <i>Director</i>	Executive VP Finance at Rogers Communications Inc. – Toronto Blue Jays	Nil	0%
Total:		18,743,178	26.38%

⁽¹⁾ Proposed member of the Resulting Issuer's Audit Committee.

At the Closing, it is anticipated that the directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 18,743,178 Resulting Issuer Shares (on an undiluted basis), representing 26.38% of the issued and outstanding Resulting Issuer Shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

Management

The following is a brief description of the proposed key members of management of the Resulting Issuer.

Adrian Montgomery, 45, Chief Executive Officer and Director

Mr. Montgomery was the Chief Executive Officer of QM Environmental, an environmental and industrial services provider, from March 2015 to September 2017. He was President of Tuckamore Capital, a private equity firm, from January 2010 to February 2015. He has overseen a number of business development initiatives in the fields of sports and entertainment including landmark alliances with the National

Football League, the International Olympic Committee, the FIFA World Cup, Live Nation Music, and CBS Paramount as GM of Rogers Media from May 2004 to December 2009. Mr. Montgomery is a lawyer and member of the New York State Bar. Mr. Montgomery obtained his BA from the University of Toronto in 1996 and his LLB/MBA from McGill University in 2000.

Menashe Kestenbaum, 34, President and Director

Mr. Kestenbaum is the Chief Executive Officer and founder of Enthusiast Gaming. He began his career in video games when he was 13, writing for IGN, the large gaming media site, where he eventually became a community leader. After studying and subsequently lecturing in the Institute of Advanced Talmudic Law in Jerusalem for eight years, Mr. Kestenbaum returned to his passion for the video game industry and launched his first gaming blog, "Nintendo Enthusiast", in 2011. In 2014, he returned to Toronto and incorporated Enthusiast Gaming Inc. He has personally owned and operated gaming websites with a readership of over 2 million gamers and has led Enthusiast Gaming to growing a writing and community staff team of over 84 people.

Stephen Maida, 32, President of esports and Director

Mr. Maida is a Canadian businessman and the founder and owner of Luminosity Gaming. Mr. Maida is an avid gamer and has been involved in the esports industry for over 15 years. Prior to founding Luminosity, Mr. Maida found success in the marketing industry, working as an independent consultant providing full marketing services to various professional service providers, including law firms and medical professionals, for many years. In 2015, Mr. Maida married his enthusiasm for gaming with his experience in marketing and founded and soon after elevated Luminosity to become the globally recognized esports organization it is today. Mr. Maida attended post-secondary school for business marketing.

Eric Bernofsky, 41, Chief Operating Officer and Senior VP Finance

Mr. Bernofsky is the COO and Senior VP, Finance at Enthusiast Gaming. Previously, Mr. Bernofsky was the CFO of Enthusiast Gaming from 2015-2018 overseeing all areas of Finance and Capital Resource management including raising three rounds of capital. In 2018, he oversaw Enthusiast Gaming's Qualifying Transaction. Prior to that he spent five years as Director of Corporate Development for Pelmorex Media, the owner of The Weather Network, where he led M&A and strategy as the Director of Corporate Development, completing major acquisitions in the US and Europe as well as cofounding a consumer navigation business. Prior to that, Mr. Bernofsky spent nine years as an Equities Research Analyst for Desjardins Securities and HSBC, covering the Canadian media, telecom and technology sectors.

Corey Mandell, 49, President of EGLive

Mr. Mandell is the President and CEO of Mandell Entertainment, one of Canada's leading integrated event management, live entertainment production companies. Mr. Mandell is known for being a creative visionary. With over 25 years of experience and a diverse portfolio, Mandell Entertainment Group has produced some of North America's most notable events for clients such as the David Foster Miracle Gala and Concert, Bliss Gala for SickKids Foundation, Hamilton Health Sciences, Pencer Brain Trust, Canadian Arts and Fashion Awards, World Wildlife Fund, Parachute Gala and Mount Sinai Hospital Gala to name a few. Mandell Entertainment's corporate clients include: Rogers, Bell, CIBC, TD, Maple Leaf Sports and Entertainment, Roots Canada and KPMG. Mr. Mandell continues to expand his live entertainment portfolio working closely with some of the world's top performers, musicians and political speakers such as Stevie Wonder, Ed Sheeran, President Bill Clinton, Martin Short, David Blaine, Andrea Bocelli, Earth Wind and Fire, Michael Bolton, President George Bush and Anderson Cooper.

Alex Macdonald, 33, Chief Financial Officer

Mr. Macdonald is an experienced public company CFO and financial professional. He is currently the CFO of GameCo. He was the CFO of TSXV listed Peeks Social Ltd. (previously Keek Inc.) from 2014-2018, having also served on the board of directors in 2015. He is experienced in overseeing “go-public” transactions, managing growth stage companies, and Canadian expansions into the United States. Mr. Macdonald is a Chartered Professional Accountant and Chartered Accountant (CPA, CA) and a graduate of the University of Toronto. He also serves on the board of directors of the NATO Association of Canada, acting as Treasurer on the executive committee.

Meir Bulua, 36, Chief Information Officer

Mr. Bulua plays a key role in driving Enthusiast Gaming’s technology strategy. Mr. Bulua is an entrepreneur, experienced startup consultant and advisor with ten years of experience in the startup, scale-up and non-profit spaces, both in Toronto and Detroit. Mr. Bulua’s startup experience includes creating an inventory management software utilized by Red Bull, to an active-wear company, a co-working space and most recently, Enthusiast Gaming. Mr. Bulua has consulted for more than a dozen charities and has served as a board member for a community focused organization focusing on young professional outreach and engagement.

Francesco Aquilini, 58, Non-Executive Chairman and Director

Mr. Aquilini is a Canadian businessman, investor, and philanthropist. He has been the managing director of Vancouver-based Aquilini Investment Group LP, the parent company of several diverse subsidiaries since 1978. Aquilini Investment Group LP is best known for its ownership of the Vancouver Canucks and Rogers Arena. Mr. Aquilini obtained his BA from the Simon Fraser University in 1984 and his MBA from University of California, Los Angeles in 1994.

Michael Beckerman, 55, Director

Mr. Beckerman is a highly experienced C-level sale and marketing executive with over 20 years’ experience. From 1987 to 1996 Mr. Beckerman held senior sales and marketing positions at NIKE in Asia, Europe and the U.S., including serving as Director of Advertising for NIKE in Europe and Director of Retail for NIKE in the U.S. After leaving NIKE, Mr. Beckerman went on to become the VP Marketing for Canadian Airlines from 1996 to 1999; VP Marketing and International for MVP.com from 1999 to 2001; Chief Marketing Officer for BMO Financial Group from 2001 to 2006; President and then Chief Executive Officer for Ariad Communications from 2006 to 2015 and then CEO of both Ariad and US based Bluespire Marketing until 2016. Since 2016 Mr. Beckerman has run a marketing consulting practice with clients in technology, travel, sports and automotive. Mr. Beckerman has been a director of Points International Ltd. since 2016 and is also currently a director of Bluerush Inc. Mr. Beckerman obtained his Bachelor of Arts from the University of British Columbia in 1986.

Alan Friedman, 47, Director

Alan Friedman has been associated with the North American public markets for almost two decades and has a depth of experience in representing, advising and assisting Canadian and global companies in acquiring assets, accessing capital, advising on mergers & acquisitions and navigating going public processes onto Canadian, United States and United Kingdom stock exchanges with accompanying equity capital raisings. During his Bay Street career, he has been involved with or facilitated significant financings. Friedman was a former director of Cronos Group; seed investor and business board advisor of Avicanna. He was or is a co-founder, director and/or senior executive of the following private and public companies: Adira Energy Ltd., Auryx Gold Corp. sold for \$180mm, Eco (Atlantic) Oil & Gas Ltd., Tembo

Financial Inc., and Osino Resources. Alan obtained a Bachelor of Commerce and post grad in Law at University of South Africa and is an admitted attorney of the High Court of South Africa. He also worked for Investec Bank a global banking group and is a board member of the Canada Africa Chamber of Business promoting trade relations between Africa and Canada. He is currently a principal of Bayline Capital Partners, a financial advisory firm that is engaged in providing clients with advisory services relating to fund raising, corporate strategic alternatives and go-public transactions.

Ben Colabrese, 52, Director

Mr. Colabrese is employed as the Executive VP Finance at The Toronto Blue Jays, which is wholly owned by Rogers Communications Inc. He is responsible for all financial matters at the Blue Jays including all reporting to the parent company and Major League Baseball. Mr. Colabrese has been with Rogers since 2015 where he held the roles of VP & GM of Mobilicity (which Rogers acquired in 2015), and then SVP Finance, before moving to his current role at the Blue Jays. From May 2013 to December 2014, he was the CFO of Pelmorex Media Inc. / The Weather Network. Prior to joining Pelmorex, Mr. Colabrese was the VP Corporate Development at Rogers from July 2005 to April 2013 where he was responsible for all M&A activity and completed over 30 transactions. From July 2015 to January 2017, Mr. Colabrese served on the board of Perk.com until it was acquired by RhythmOne. Since November 2017, Mr. Colabrese has served on the board of Vecima Networks.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within ten years before the date of this Circular, has been, a director, officer, or promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On August 6, 2015, a cease trade order was issued by the British Columbia Securities Commission against Echelon Petroleum Corp. (now called Trenchant Capital Corp.) for failure to file its annual audited financial statements. John Veltheer was a director of Echelon Petroleum Corp. at the time of the cease trade order. On January 29, 2016, the British Columbia Securities Commission issued a partial revocation order in respect of the cease trade order. Echelon Petroleum Corp. subsequently filed its delinquent financial statements and the cease trade order was revoked on April 25, 2016.

John Veltheer was a director of European Ferro Metals Ltd. (now called Boreal Metals Corp.) (“EFM”) until July 14, 2015. On September 11, 2015, EFM received a cease trade order issued by the British Columbia Securities Commission for failure to file audited financial statements and management’s discussion and analysis within the prescribed deadline. The financial statements and management’s discussion and analysis were filed and the cease trade order was subsequently revoked on December 1, 2015.

Promoter Consideration

John Veltheer was considered to be the Promoter of J55 in that he initiated the organizing of J55. As of the date of this Circular, other than as set out in this Circular, Mr. Veltheer has not received any consideration from J55.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Amalgamation.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
John Veltheer	Atom Energy Inc. ⁽¹⁾	CEO, President and Director	August 2016	Present
	Atlas Blockchain Group Inc. ⁽²⁾	Director	November 2013	Present
	Omni Commerce Corp. ⁽³⁾	Director	May 2015	July 2016
	Trakopolis IoT Corp. ⁽³⁾	CEO and President	May 2015	November 2016
		Director	December 2014	November 2016

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
	Boreal Metals Corp. ⁽³⁾	CFO and Director	June 2014	July 2015
	Tinkerine Studios Ltd. ⁽³⁾	Director	April 2014	August 2015
	Trenchant Capital Corp. ⁽³⁾	Director	December 2009	October 2016
Francesco Aquilini	Thunderbird Entertainment Group Inc. ⁽³⁾	Director	October 2018	Present
Adrian Montgomery	MJardin Group Inc. ⁽²⁾	Director	February 2019	Present
	Epsilon Energy Ltd. ⁽⁴⁾	Director	July 2013	Present
	ClearStream Energy Services Inc. ⁽⁵⁾	President	December 2014	June 2015
		Director	April 2011	June 2017
	Neptune Wellness Solutions Inc. ⁽⁴⁾⁽⁵⁾	Director	June 2014	July 2015
	NeuroBioPharm Inc. ⁽¹⁾	Director	June 2014	February 2015
Michael Beckerman	Points International Ltd. ⁽⁴⁾⁽⁵⁾	Director	May 2010	Present
	Bluerush Inc. ⁽³⁾	Director	February 2019	Present
Alexander Macdonald	Peeks Social Ltd. (formerly Kik Interactive Inc.) ⁽³⁾⁽⁶⁾	CFO	November 2014	November 2019
		Director	May 2015	August 2015
Alan Friedman	Cronos Group Inc. ⁽⁴⁾⁽⁵⁾	Director	January 2014	March 2019
	Eco (Atlantic) Oil & Gas Ltd. ⁽³⁾	Executive VP	December 2011	Present
		Director	December 2011	Present
	James E. Wagner Cultivation Corporation ⁽³⁾	Director	August 2017	June 2018
	Empower Clinics Inc. (formerly Adira Energy Ltd.) ⁽⁵⁾	Executive VP	August 2009	March 2018
		Director	August 2009	March 2018
	Vaxil Bio Ltd. ⁽³⁾	Director	August 2013	February 2016
	AIM3 Ventures Inc. ⁽³⁾	Director	February 2018	Present
	Osino Resources Corp. (formerly Romulus Resources Ltd.) ⁽³⁾	Director	June 2018	Present
	Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) ⁽³⁾	Director	September 2017	Present
	Vaxil Bio Ltd. (formerly Emerge Resources Corp.) ⁽³⁾	Director	August 2013	February 2016
	Goldplay Exploration Ltd. (formerly Soleil Capital Corp.) ⁽³⁾	Director	March 2018	Present
	Canopy Rivers Inc. ⁽³⁾	Director	February 2018	September 2018
	AIM4 Ventures Inc. ⁽¹⁾	Director	May 2019	Present
	RG One Corp. ⁽¹⁾	Director	November 2016	Present
	B2Gold Corp. ⁽³⁾	Director	December 2011	December 2011
Ben Colabrese	Rogers Communications Inc. ⁽⁵⁾	Executive VP	July 2015	Present
	Vecima Networks ⁽⁵⁾	Director	November 2017	Present
	Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) ⁽³⁾	Director	September 2018	Present

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
	Perk Inc. (formerly Perk.com Inc.) ⁽¹⁾	Director	July 2015	January 2017

⁽¹⁾ Not currently listed on any exchange.

⁽²⁾ Currently listed on the Canadian Securities Exchange.

⁽³⁾ Currently listed on the TSXV.

⁽⁴⁾ Currently listed on the NASDAQ.

⁽⁵⁾ Currently listed on the Toronto Stock Exchange.

⁽⁶⁾ Currently listed on the OTCQB Venture Market.

Executive Compensation

Summary Compensation Table

The following table outlines the anticipated compensation to be paid by the Resulting Issuer to its proposed CEO and each of its four most highly compensated executive officers for the 12-month period after giving effect to the Transactions:

Name and principal position	Salary (\$)	Share-based awards (\$)	Option-based awards (#) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Adrian Montgomery <i>CEO</i>	300,000	-	-	150,000	-	-	-	450,000
Menashe Kestenbaum <i>President</i>	247,000	-	-	98,800	-	-	-	345,800
Eric Bernofsky <i>COO, Senior VP Finance</i>	217,000	-	-	86,800	-	-	-	303,800
Stephen Maida <i>President of esports</i>	300,000	-	-	90,000	-	-	-	390,000
Alex Macdonald <i>CFO</i>	200,000	-	-	60,000	-	-	-	260,000

Notes:

⁽¹⁾ The Resulting Issuer's Board of Directors may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Resulting Issuer, options to purchase shares of the Resulting Issuer.

⁽²⁾ The Resulting Issuer intends to establish an executive benefits plan following the completion of the Transactions, the scope of which has not been determined at this time.

The Resulting Issuer will disclose the terms of any agreements entered into with any NEOs at the time such agreements are entered into.

Indebtedness of Directors and Executive Officers

Except as set forth below, none of the proposed directors, executive officers or employees of the Resulting Issuer, or Associates of such persons is, or has been, indebted to J55, GameCo, Enthusiast Gaming or any subsidiary thereof, or indebted to another entity that is the subject of a guarantee, support agreement,

letter of credit or other similar arrangement or understanding provided by J55, GameCo, Enthusiast Gaming or any subsidiary thereof at any time since the beginning of the last completed financial year of the J55, GameCo or Enthusiast Gaming and no indebtedness remains outstanding as at the date of this Circular.

The below table outlines the aggregate indebtedness of the directors and executive officers of Enthusiast Gaming, who are expected to become directors and executive officers of the Resulting Issuer, outstanding as at July 16, 2019:

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To Enthusiast Gaming or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Others	206,787 ⁽¹⁾	Nil

Note:

- (1) As at July 16, 2019, Enthusiast Gaming has loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$58,676, \$55,905 and \$48,552 respectively. The loans receivable bears interest at bank's prime interest rate (July 16, 2019 – 3.95%) and matures on August 1, 2019. Enthusiast Gaming also has an additional loan receivable from the Chief Executive Officer in the amount of \$43,664, which bears interest at bank's prime interest rate (July 16, 2019 – 3.95%) and matures on August 31, 2020.

No indebtedness of any current or former director, executive officer, proposed nominee for election to the board, or associate of such person is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by J55, GameCo or Enthusiast Gaming.

Investor Relations Arrangements

See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – Hybrid Financial Ltd. Marketing Agreement”, “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – Market One Media Group Inc. Media Services Contract” and “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – One Blue Umbrella, LLC f/s/o Tory Lanez Term Sheet”.

See “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of Business – Significant Acquisitions and Events – Generation Advisors Inc.”, “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of Business – Significant Acquisitions and Events – PI Financial Corp.” and “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – General Development of Business – Significant Acquisitions and Events – MZ Group Investor Relations Consulting Agreement”.

Options to Purchase Securities

The Resulting Issuer Options expected to be held by directors and officers of the Resulting Issuer after giving effect to the Transactions are expected to be the J55 Options held as of the date of this Circular, the J55 Amalgamation Consideration Options and the J55 Arrangement Consideration Options. See “Appendix 3 – Information Concerning J55 Capital Corp. – Stock Option Plan.”

J55, GameCo and Enthusiast Gaming expect that, following the Closing, new Resulting Issuer Options may be granted to directors and officers of the Resulting Issuer, on terms to be determined by the Resulting Issuer Board and/or its compensation committee, as applicable.

Stock Option Plan

Assuming it is approved at the J55 Meeting, the Resulting Issuer expects to maintain the J55 Option Plan, as described in the Circular under the heading “*Particulars of Matters to be Acted Upon at the J55 Meeting – Approval of J55 Option Plan*” following the Closing.

Escrowed Securities

On completion of the Transactions, to the knowledge of J55, GameCo and Enthusiast, certain Resulting Issuer Shares are expected to be subject to various escrow arrangements, including: the J55 CPC Escrow Agreement, the J55 QT Escrow Agreement, the J55 Seed Share Resale Restrictions, the Tova CPC Escrow Agreement, the Tova QT Escrow Agreement and the Enthusiast Seed Share Resale Restrictions as described below. The Resulting Issuer Shares issued pursuant to the Arrangement are not expected to be subject to escrow.

J55 CPC Escrow Agreement

The following table sets out, as at the date of this Information Circular, the number and percentage of J55 CPC Escrow Shares held in escrow under the J55 CPC Escrow Agreement prior to giving effect to the Amalgamation, and the number and percentage of Resulting Issuer Shares that will be held in escrow after giving effect to the Transactions, after giving effect to the initial release of the J55 CPC Escrow Shares under the J55 CPC Escrow Agreement in connection with the issuance of the Final Exchange Bulletin and the subsequent releases under the J55 CPC Escrow Agreement, and the Consolidations:

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Transactions		After Giving Effect to the Transactions and the Consolidations	
		Number of J55 CPC Escrow Shares	Percentage of Class ⁽¹⁾	Number of Resulting Issuer Shares to be Held in Escrow ⁽²⁾	Percentage of Class ⁽³⁾
Adrian Montgomery Toronto, ON	Common Shares	3,999,500	21.1%	359,955	0.51%
John Veltheer Vancouver, BC	Common Shares	2,625,000	13.8%	236,250	0.33%
Francesco Aquilini Vancouver, BC	Common Shares	4,001,000	21.1%	360,090	0.51%
Alexander Helmelt Vancouver, BC	Common Shares	375,000	2.0%	33,750	0.05%
Roberto Aquilini Vancouver, BC	Common Shares	3,999,500	21.1%	359,955	0.51%
Janice Norgard Vancouver, BC	Common Shares	80,000	0.4%	7,200	0.01%
Vanessa Fors Vancouver, BC	Common Shares	80,000	0.4%	7,200	0.01%
Total		15,160,000	79.8%	1,364,400	1.93%

Notes:

- (1) Based on 19,000,000 J55 Shares issued and outstanding as at the date of this Circular.
- (2) Assuming the release from escrow of 10% of such shares upon the issuance of the Final Exchange Bulletin and completion of the Transactions and Consolidations.
- (3) Based on 71,054,803 Resulting Issuer Shares issued and outstanding upon completion of the Transactions and the Consolidations, on an undiluted basis.

The J55 CPC Escrow Shares are currently held in escrow pursuant to the J55 CPC Escrow Agreement. The J55 Transfer Agent is the escrow agent for the purposes of the J55 CPC Escrow Agreement. There are 15,160,000 J55 CPC Escrow Shares currently in escrow. At the time of completion of the Amalgamation, it is expected that each of the persons listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such person's name.

The J55 CPC Escrow Shares are currently subject to the release schedule set out in Schedule B(1) to the J55 CPC Escrow Agreement. Pursuant to Schedule B(1) of the J55 CPC Escrow Agreement, 10% of the J55 CPC Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Amalgamation and an additional 15% of the J55 CPC Escrow Shares are to be released every 6 months thereafter until all J55 CPC Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, the J55 CPC Escrow Shares will be released on an accelerated schedule, as set out in Schedule B(2) of the J55 CPC Escrow Agreement. Pursuant to Schedule B(2) of the J55 CPC Escrow Agreement, 25% of the J55 CPC Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the J55 CPC Escrow Securities would be released every 6 months thereafter, until all J55 CPC Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The J55 CPC Escrow Agreement provides that the J55 CPC Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the TSXV. In the event of the bankruptcy of an escrow shareholder, provided the TSXV does not object, the J55 CPC Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the J55 CPC Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the TSXV does not object, the J55 CPC Escrow Shares held by the escrow shareholder will be released from escrow.

J55 QT Escrow Agreement

The securities of the Resulting Issuer issued to the Principals of the QT Resulting Issuer pursuant to the Amalgamation are value securities (each, a **"Value Escrow Security"**) pursuant to TSXV Policy 5.4, and will be held in escrow subject to a Value Security Escrow Agreement based on TSXV Form 5D. The Value Security Escrow Agreement, in this case the **"J55 QT Escrow Agreement"**, will be entered into by the Resulting Issuer, the J55 CPC Escrow Agent or an alternate transfer agent as approved by the Resulting Issuer and the TSXV, and each of the persons listed in the following table (each, a **"Value Purchaser"**):

Name and Municipality of Residence of Value Purchaser	Designation of Security	Number of Resulting Issuer Value Escrow Securities	Percentage of Undiluted Resulting Issuer Shares ⁽¹⁾	Percentage of Fully Diluted Resulting Issuer Shares ⁽¹⁾
Adrian Montgomery Toronto, ON	Common Shares	2,843,750	4.00%	3.80%
	Options	375,000	N/A	

Name and Municipality of Residence of Value Purchaser	Designation of Security	Number of Resulting Issuer Value Escrow Securities	Percentage of Undiluted Resulting Issuer Shares ⁽¹⁾	Percentage of Fully Diluted Resulting Issuer Shares ⁽¹⁾
Stephen Maida Toronto, ON	Common Shares	7,500,000	10.56%	9.14%
	Options	250,000	N/A	
Alex Macdonald Toronto, ON	Common Shares	0	0.00%	0.22%
	Options	187,500	N/A	
Francesco Aquilini Vancouver, BC	Common Shares	2,812,512	3.96%	3.46%
	Options	125,000	N/A	
Michael Beckerman Toronto, ON	Common Shares	0	0.00%	0.07%
	Options	62,500	N/A	
Total:		14,156,262	18.52%	16.70%

Note:

- ⁽¹⁾ Calculated on an undiluted basis based on 71,054,803 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transactions on an undiluted basis, and 84,782,949 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transactions on a fully-diluted basis.

Should the Resulting Issuer be accepted by the TSXV as a Tier 2 Issuer, the Value Escrow Securities will be subject to the release schedule set out in Schedule B(2) to the J55 QT Escrow Agreement. Pursuant to Schedule B(2) of the J55 QT Escrow Agreement, 10% of the Value Escrow Securities are to be released upon the date of issuance of the Final Exchange Bulletin and an additional 15% of the Value Escrow Securities are to be released every 6 months thereafter, until all Value Escrow Securities have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the TSXV as a Tier 1 Issuer, the Value Escrow Securities shall be released on an accelerated schedule, as set out in Schedule B(1) of the J55 QT Escrow Agreement. Pursuant to Schedule B(1) of the J55 QT Escrow Agreement, 25% of the Value Escrow Securities would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the Value Escrow Securities would be released every 6 months thereafter, until all Value Escrow Securities have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The Value Escrow Securities may not be transferred without the approval of the TSXV other than in specified circumstances set out in the applicable escrow agreement.

Where the CPC Escrow Shares or the Value Escrow Securities are held by a non-individual (a “**holding company**”), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

J55 Seed Share Resale Restrictions

The Seed Share Resale Restrictions (“SSRRs”) are TSXV hold periods of various lengths which apply where Seed Shares are issued to Non-Principals by private companies in connection with an Initial Public Offering, Reverse Takeover, Change of Business or Qualifying Transaction (as each term is defined in the TSXV). The following Non-Principals who purchased shares in GameCo prior to completion of the Amalgamation are covered by SSRRs:

Number of Security Holders	Designation of Class	Number of Resulting Issuer Shares to be Held in Escrow	Percentage of class of Resulting Issuer Shares ⁽⁴⁾	Hold Period
8	Common Shares	7,125,000 ⁽¹⁾⁽²⁾	10.03%	1 year hold with 20% released every three months with the first release on the Amalgamation Closing
112	Common Shares	7,095,187 ⁽³⁾	9.99%	4 month hold with 20% released each month with first release on the Amalgamation Closing

Notes:

- (1) Each of the GameCo Shares which were exchanged for these Resulting Issuer Shares were issued at a price of \$0.005 per GameCo Share for gross proceeds to GameCo of \$4,200,000. These issuances were completed on September 28, 2018. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Founders Offering”.
- (2) The 125,000 post-Consolidations Resulting Issuer Shares received by John Veltheer in exchange for his GameCo Shares are expected to be subject to SSRRs as set out in this table. The TSXV, however, may require that these securities as well as 93,750 post-Consolidations Resulting Issuer Options received by John Veltheer in exchange for his GameCo Options be subject to the J55 QT Escrow Agreement.
- (3) Each of the GameCo Shares which were exchanged for these Resulting Issuer Shares were issued at a price of \$0.10 per GameCo Share for gross proceeds to GameCo of \$8,514,225. These issuances were completed on October 10, 2018. See “Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – GameCo Founders Offering”.
- (4) Calculated based on there being 71,054,803 Resulting Issuer Shares issued and outstanding on an undiluted basis following completion of the Transactions and Consolidations.

Tova CPC Escrow Agreement

The following Enthusiast Shares currently are subject to the Tova CPC Escrow Agreement, which agreement continued in full force and effect following the closing of the Qualifying Transaction between Tova and EGL, and which will remain in effect following the Arrangement Closing.

Name and Municipality of Residence of Shareholder	Number of Resulting Issuer Shares to be Held in Escrow	Percentage of Resulting Issuer Shares
Gavin Cooper <i>Vancouver, BC</i>	171,429	0.34%
Aaron Unger ⁽¹⁾ <i>Toronto, Ontario</i>	99,999	0.20%
Alan Friedman ⁽²⁾ <i>Toronto, Ontario</i>	95,534	0.19%
Zachary Goldenberg ⁽³⁾ <i>Toronto, Ontario</i>	23,214	0.05%

Notes:

- (1) 119,047 of these shares are held by Dorylin Holdings Inc., a company controlled by Aaron Unger.
- (2) 119,047 of these shares are held by Grayston Capital Investments Inc., a company controlled by Alan Friedman, and 3,333 of these shares are beneficially held by the spouse of Alan Friedman.

- (3) These shares are held by 2578218 Ontario Ltd., a company controlled by Zachary Goldenberg.
- (4) Calculated based on there being 71,054,803 Resulting Issuer Shares issued and outstanding on an undiluted basis following completion of the Transactions and Consolidations

Tova QT Escrow Agreement

Following the closing of the Qualifying Transaction between Tova and EGI, Menashe Kestenbaum, Eric Bernofsky, Meir Bulua, and Alan Friedman, together with any companies controlled by the foregoing individuals enter into a Surplus Security Escrow Agreement with the EGI Escrow Agent, which is referred to herein as the “**Tova QT Escrow Agreement**”. The following table sets out, as of the date hereof and to the knowledge of Enthusiast, the name and municipality of residence of the securityholders whose securities are subject to the Tova QT Escrow Agreement:

Name and Municipality of Residence of Security Holder ⁽¹⁾	Designation of Class	Number of Resulting Issuer Securities to be Held in Escrow	Percentage of Undiluted Resulting Issuer Shares ⁽⁶⁾	Percentage of Fully Diluted Resulting Issuer Shares ⁽⁶⁾
Menashe Kestenbaum ⁽²⁾ <i>Toronto, Ontario</i>	Common Shares	1,305,005	1.84%	2.73%
	Warrants	750,108	N/A	
	Options	256,102	N/A	
Eric Bernofsky ⁽³⁾ <i>Toronto, Ontario</i>	Common Shares	281,029	0.40%	0.96%
	Warrants	7,576	N/A	
	Options	528,983	N/A	
Meir Bulua <i>Toronto, Ontario</i>	Common Shares	991,311	1.40%	1.37%
	Options	158,948	N/A	
Alan Friedman ⁽⁴⁾ <i>Toronto, Ontario</i>	Common Shares	466,137	0.66%	1.09%
	Options	457,004	N/A	
Naomi Kestenbaum <i>Toronto, Ontario</i>	Common Shares	512,730	0.72%	0.60%
Michelle Friedman ⁽⁴⁾ <i>Toronto, Ontario</i>	Common Shares	170,910	0.24%	0.20%
Total:		5,885,843	5.25%	6.95%

Notes:

- (1) At the time of incorporation, Menashe Kestenbaum, KFPV Vest Holdings Inc., an OBCA corporation controlled by Mr. Kestenbaum, and his spouse, Naomi Kestenbaum, were collectively issued 3,540,000 Enthusiast Shares at a price of \$0.0001 per share. Meir Bulua was issued 1,800,000 Enthusiast Shares 11 months after incorporation at a price of \$0.0001 per share, 360,000 of these shares are held by Leverage IT, a company majority controlled by Mr. Bulua. Alan Friedman was issued 240,000 Enthusiast Shares 13 months after incorporation at a price of \$0.0001 per share. 2454557 Ontario Inc., a company wholly-owned by the spouse of Alan Friedman was issued 360,000 Enthusiast Shares at a price of \$0.0001 per share as consideration for providing marketing, administrative and strategic consulting services to Enthusiast. Eric Bernofsky was also issued 76,923 Enthusiast Shares on May 12, 2016 upon the exercise of Enthusiast Options at a price of \$0.13 and 89,888 Common Shares on August 31, 2016 at a price of

\$0.197467 per share. Each of Menashe Kestenbaum, Meir Bulua, and Eric Bernofsky were issued 376,923 Enthusiast Shares following the exercise of Enthusiast Options held by each of them on June 11, 2018. See *Part II – Information Concerning Enthusiast – Description of the Securities*.

- (2) This number includes the 1,180,000 Enthusiast Shares held by KFPV Vest Holdings Inc., a company controlled by Menashe Kestenbaum and includes the 11,907 shares in the capital of Tova, on a post-consolidation basis, held by Menashe Kestenbaum.
- (3) This number includes the 14,285 shares in the capital of Tova, on a post-consolidation basis, held by Eric Bernofsky.
- (4) This number includes the 34,047 options for shares in the capital of Tova, on a post-consolidation basis, held by Alan Friedman.
- (5) The Enthusiast Shares held by Michelle Friedman, spouse to Alan Friedman, are held through 2454557 Ontario Inc., a company controlled by Michelle Friedman.
- (6) Calculated on an undiluted basis based on 71,054,803 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transactions on an undiluted basis, and 84,616,287 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transactions on a fully-diluted basis.

The Tova QT Escrow Agreement which is Surplus Escrow Agreement is in a form prescribed by the TSXV and was entered into by the principals of EGI in connection with its Qualifying Transaction with Tova. Unless otherwise modified, all of the above-noted Resulting Issuer Shares will be subject to a Surplus Escrow Agreement and will be released from escrow as follows: 10% will be released on October 2, 2019; 10% will be released on April 2, 2020; 15% will be released on October 2, 2020; 15% will be released on April 2, 2021; and 40% will be released on October 2, 2021.

The Surplus Escrowed Shares may not be transferred without the approval of the TSXV other than in specified circumstances set out in the Surplus Security Escrow Agreement.

Enthusiast Seed Share Resale Restrictions

The following non-principals who purchased shares in Enthusiast prior to its qualifying transaction with Tova are subject to SSRs, and such SSR will remain in force following completion of the Arrangement and be applied to the Resulting Issuer Shares exchanged for the Enthusiast Shares.

Number of Security Holders	Designation of Class	Number of Resulting Issuer Shares to be Held in Escrow	Percentage of Undiluted Resulting Issuer Shares	Percentage of Fully Diluted Resulting Issuer Shares	Hold Period
9	Common Shares	1,436,910 ⁽¹⁾	2.03%	1.69%	Tier 2 Value Security Escrow

Notes:

- (1) Each of the Enthusiast Shares were issued at a price of \$0.0001 per Enthusiast Share for gross proceeds of \$950. The issuances were completed over the first fourteen months following the incorporation of Enthusiast. See “Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Escrowed Securities – Seed Share Resale Restrictions”.

Under the Exchange Seed Share Resale Matrix, the first row sets out the securities that will be held under a Tier 2 Value Escrow Agreement. The Enthusiast Shares will be subject to the Tier 2 Value Escrow Agreement and will be released from escrow pro rata as to 10% on the date of the EGI Final Exchange Bulletin, being October 2, 2018, and an additional 15% every six months thereafter, being April 2, 2019, October 2, 2019, April 2, 2020, October 2, 2020, April 2, 2021 and October 2, 2021. Any release, other than in accordance with the above dates, shall only be made with the prior consent of the applicable securities regulatory authorities. The Value Escrow Shares may not be transferred without the approval of the TSXV other than in specified circumstances set out in the Value Security Escrow Agreement.

In addition to the foregoing, the shares issued and to be issued to certain consultants of the Resulting Issuer are also expected to be subject to resale restrictions pursuant to the terms of their consulting

agreements. See *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Prior Sales – One Blue Umbrella, LLC f/s/o Tory Lanez Term Sheet”* and *“Appendix 4 – Information Concerning Aquilini GameCo Inc. – Management Contracts and Other Contracts – Mandell Consulting Agreement”*.

Also see *“Appendix 3 – Information Concerning J55 Capital Corp. – Escrowed Securities”* and *“Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Escrowed Securities.”*

Legal Proceedings

To the best of management’s knowledge, there are no material pending legal proceedings to which J55, GameCo, Enthusiast Gaming or the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter.

Auditor, Transfer Agent and Registrar

It is expected that MNP LLP, currently the auditors of J55, GameCo and Enthusiast Gaming, will serve as the Resulting Issuer’s auditors. The address of MNP LLP is 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4.

It is expected that Computershare Investor Services Inc., who is currently J55’s registrar and transfer agent, will continue to serve as the Resulting Issuer’s registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare Investor Services Inc. at its Vancouver office, located at 3rd Floor – 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

Sponsorship

Pursuant to TSXV Policy 2.2, sponsorship is generally required in conjunction with a Qualifying Transaction. J55 applied for, and was granted, an exemption from the sponsorship requirement by the TSXV.

Interests of Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Circular as having prepared or certified a part of that document or report described in the Circular:

- (a) MNP LLP, auditors of J55, which prepared the auditor’s report for the audited annual financial statements of J55 as at, and for the period from the date of incorporation (June 27, 2018) to, December 31, 2018. They are independent as determined by the Institute of Chartered Accountants of British Columbia; and
- (b) MNP LLP, auditors of GameCo, which prepared the auditor’s report for the audited annual financial statements of GameCo as at and for the fiscal year ended December 31, 2018. They are independent as determined by the Institute of Chartered Accountants of Ontario.
- (c) MNP LLP, auditors of Enthusiast Gaming, which prepared the auditor’s report for the audited annual financial statements of Enthusiast Gaming as at and for the fiscal years ended December 31, 2018 and December 31, 2017. They are independent as determined by the Institute of Chartered Accountants of Ontario.

- (d) Segal LLP, auditors of Luminosity, which prepared the auditor's report for the audited annual financial statements of Luminosity as at and for the fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016. They are independent as determined by the Institute of Chartered Accountants of Ontario.
- (e) Haywood Securities Inc., which prepared the Fairness Opinion, is not an insider, associate or affiliate of J55, GameCo, Luminosity or Enthusiast Gaming or any of their respective associates or affiliates. Haywood has not entered into any other agreements or arrangements with J55, GameCo, Luminosity or Enthusiast Gaming or any of their associates or affiliates with respect to any future dealings. Haywood acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of J55, GameCo, Luminosity and/or Enthusiast Gaming or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. In the ordinary course of trading and brokerage activities, Haywood, the associates and affiliates thereof and the officers, directors and employees of any of them at any time may hold long or short positions, may trade or otherwise effect transactions, for their own account, for managed accounts or for the accounts of customers, in debt or equity securities of J55, GameCo, Luminosity, Enthusiast Gaming, or related assets or derivative securities.

Material Contracts

The only material contracts to which the Resulting Issuer will be a party are described under "*Appendix 3 – Information concerning J55 Capital Corp. – Material Contracts*", "*Appendix 4 – Information concerning Aquilini GameCo Inc. – Material Contracts*" and "*Appendix 5 – Information Concerning Enthusiast Gaming Holdings Inc. – Material Contracts*".

Other Material Facts

There are no other material facts about J55, GameCo, Enthusiast Gaming or the Resulting Issuer that are not disclosed elsewhere in this Circular.

APPENDIX 7
J55 CAPITAL CORP. FINANCIAL STATEMENTS

**Audited Annual Financial Statements For The Fiscal Period From
Incorporation On June 27, 2018 To December 31, 2018**

and

**Unaudited Interim Financial Statements For The Three Months
Ended March 31, 2019**

J55 Capital Corp.
(A Capital Pool Corporation)

Financial Statements

(in Canadian Dollars)

**For the period from the Date of Incorporation (June 27, 2018)
to December 31, 2018**

Independent Auditor's Report

To the Shareholders of J55 Capital Corp.:

Opinion

We have audited the financial statements of J55 Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018, and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the period from the date of incorporation (June 27, 2018) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from the date of incorporation (June 27, 2018) to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario
April 3, 2019

MNP **LLP**
Chartered Professional Accountants
Licensed Public Accountants

J55 Capital Corp.

Statement of Financial Position

(in Canadian Dollars)

As at December 31, 2018

Current assets

Cash	\$ 1,238,311
Prepaid expenses	11,547
Total current assets	1,249,858

Current Liabilities

Accounts payable and accrued liabilities	30,574

Shareholders' equity

Share capital (note 3)	1,304,750
Reserves	191,750
Accumulated deficit	(277,216)
Total Shareholders' equity	1,219,284

Total Liabilities and shareholders' equity	\$ 1,249,858

Subsequent Event (note 8)

Approved by the Board (Signed) "John Veltheer" (Signed) "Adrian Montgomery"
 John Veltheer Adrian Montgomery

The accompanying notes are an integral part of these financial statements

J55 Capital Corp.

Statement of Comprehensive Income (Loss)

(in Canadian Dollars)

For the period from the Date of Incorporation (June 27, 2018) to December 31, 2018

General and administrative expenses

Professional fees	\$ 65,283
Filing fees	24,566
Travel expense	15,099
Office expenses	1,768
Share based compensation	170,500
Total expenses	277,216

Net income and comprehensive income (loss)	\$ (277,216)

Net loss per share	\$ (0.05)

Weighted average number of units outstanding – basic and diluted	5,053,476

The accompanying notes are an integral part of these financial statements

J55 Capital Corp

Statement of Shareholders' Equity

For the Period from the Date of Incorporation (June 27, 2018) to December 31, 2018

	Number of Shares	Share Capital	Reserves	Deficit	Shareholders' Equity
Balance at June 27, 2018	-	\$ -	\$ -	\$ -	\$ -
Share subscription (note 3)	19,000,000	1,400,000	-	-	1,400,000
Share issue costs	-	(95,250)	21,250	-	(74,000)
Share based compensation	-	-	170,500	-	170,500
Net loss for the period	-	-	-	(277,216)	(277,216)
Balance at December 31, 2018	19,000,000	\$ 1,304,750	\$ 191,750	\$ (277,216)	\$ 1,219,284

The accompanying notes are an integral part of these financial statements

J55 Capital Corp.

Statement of Cash Flows

(in Canadian Dollars)

For the Period from the Date of Incorporation (June 27, 2018) to December 31, 2018

Cash provided by/(used in)

Operating activities

Net loss	\$	(277,216)
Change in prepaid expenses		(11,547)
Share based compensation		170,500
Change in accounts payable and accrued liabilities		30,574
		(87,689)

Financing Activities

Share subscription, net of costs		1,326,000
Net change in cash		1,238,311

Cash beginning of period		-
Cash end of period	\$	1,238,311

The accompanying notes are an integral part of these financial statements

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

1. INCORPORATION AND NATURE OF BUSINESS

J55 Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on June 27, 2018 and has applied to be classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

On April 3, 2018, the Board of Directors approved the financial statements for the period from Date of Incorporation (June 27, 2018) to December 31, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Loss Per Share

Basic earnings loss per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

J55 Capital Corp.

Notes to Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
For the Period from the date of incorporation to December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Financial Instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statement of financial position.

Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Corporation's share issuance (note 3) and are charged against share capital.

Share-based Payments

The stock option plan allows Corporation employees and consultants to acquire shares of the Corporation. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of expenses during the period. Actual results could differ from those estimates used in the financial statements. Significant estimates include the inputs used in the valuation of share-based payments and agent's warrants, and provision for deferred income tax.

3. SHARE CAPITAL

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Issued and fully paid:

	Number of Shares		Amount
Issuance of common shares	19,000,000	\$	1,400,000
Agent's warrants			(23,750)
Share issuance costs			(71,500)
Balance, December 31, 2018	19,000,000	\$	1,304,750

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

Escrowed Shares

On December 12, 2018 the Corporation completed its initial public offering and issued 4,000,000 common shares at \$0.10 per common share for total proceeds of \$400,000. Agent's commission of \$40,000, equal to a cash commission of 10% of the aggregate gross proceeds from the Shares sold was paid to the agent, in addition to 400,000 agents warrants (the "Agent's Warrants"). An additional \$31,500 was paid to the agent for share issuance costs. Each Agent's Warrant will entitle the holder to purchase one additional common share at a price of \$0.10 until December 14, 2020. The 400,000 agent's warrants were ascribed a fair value of \$21,250 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10 expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 2.101% and an expected life of 2 years.

On July 25, 2018 the Corporation issued 10,000,000 common shares at \$0.05 per common share for total proceeds of \$500,000.

On July 25, 2018, the Corporation issued 5,000,000 common shares at \$0.10 per common share for total proceeds of \$500,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

Stock Options

The Corporation has adopted a "rolling" stock option plan (the "Plan"), pursuant to which a maximum of 10% of the issued and outstanding common shares of the Corporation, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Board of Directors to eligible optionees under the Plan. Stock options granted vest at the discretion of the Board of Directors. The options can be granted for a maximum term of 10 years.

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

On December 12, 2018 the Corporation granted 1,900,000 stock options entitling the holders thereof the right to acquire one common share for each option at a price of \$0.10 until December 12, 2028. These options vested immediately.

	Number of stock options	Weighted Average Exercise Price (\$)
Balance, June 27, 2018	-	-
Cancelled	-	-
Granted	1,900,000	0.10
Exercised	-	-
Balance, December 31, 2018	1,900,000	0.10

The stock options issued during the period ended December 31, 2018 were valued at \$170,500 based upon the Black-Scholes Method using the following weighted average assumptions: Risk-free interest rate: 2.101%, expected dividend yield: 0%, share price: \$0.10, exercise price: \$0.10, expected stock price volatility: 100%, expected life: 10 years.

4. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of issued common shares, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

J55 Capital Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation to December 31, 2018

5. FINANCIAL INSTRUMENTS

Fair Values

At December 31, 2018, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate carrying value due to the relatively short-term maturity of the instruments.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the corporation's liabilities. The \$30,574 of accounts payable and accrued liabilities are due within one year.

6. RELATED PARTY TRANSACTIONS

During the period ended December 31, 2018, key management was paid \$170,500 in share-based compensation.

J55 Capital Corp.

Notes to Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
For the Period from the date of incorporation to December 31, 2018

7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

		2018
Net loss for the period	\$	277,216
Expected income tax recovery		(73,462)
Non-deductible expense		45,183
Share issue costs		(18,948)
Deferred tax assets not recognized		47,227
Income taxes recovery	\$	-

At December 31, 2018, the Corporation has non – capital losses for income tax purposes of approximately \$113,866 which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2038.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.

8. SUBSEQUENT EVENT

On February 22, 2019 the Company entered into a Letter of Intent with Aquilini GameCo Inc. (the "Target") to acquire all of the issued and outstanding securities of the Target (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between the Company and the Target. The Transaction is intended to result in a reverse takeover of the Company by the Target's shareholders. In connection with closing of the Transaction (the "Closing"), the Company intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by the Company and the Target.

J55 Capital Corp.
(A Capital Pool Corporation)

Interim Financial Statements

(in Canadian Dollars)

Three months ended March 31, 2019

(Unaudited)

J55 Capital Corp.

Interim Statements of Financial Position

(in Canadian Dollars)

(unaudited)

As at	Mar 31, 2019	Dec 31, 2018
Current assets		
Cash	\$ 1,227,926	\$ 1,238,311
Prepaid expenses	10,659	11,547
Total current assets	1,238,585	1,249,858
Current Liabilities		
Accounts payable and accrued liabilities	81,503	30,574
Shareholders' equity		
Share capital (note 3)	1,304,750	1,304,750
Reserves	191,750	191,750
Accumulated deficit	(339,418)	(277,216)
Total Shareholders' equity	1,157,082	1,219,284
Total Liabilities and shareholders' equity	\$ 1,238,585	\$ 1,249,858

Approved by the Board

(Signed) "John Veltheer"
John Veltheer

(Signed) "Adrian Montgomery"
Adrian Montgomery

The accompanying notes are an integral part of these unaudited interim financial statements

J55 Capital Corp.

Interim Statement of Comprehensive Income (Loss)

(in Canadian Dollars)

(unaudited)

For the period January 1, 2019 to March 31, 2019 *

General and administrative expenses

Professional fees	\$	50,217
Filing fees		10,289
Travel expense		1,653
Office expenses		43
Total expenses		62,202

Net income and comprehensive income (loss)	\$	(62,202)

Net loss per share – basic and undiluted	\$	(0.016)

Weighted average number of shares outstanding – basic and diluted		3,840,000

** The Company was incorporated on June 27, 2018; accordingly, there is no period for comparison.*

The accompanying notes are an integral part of these unaudited interim financial statements

J55 Capital Corp

Interim Statements of Shareholders' Equity
For the three months ending March 31, 2019 *
(unaudited)
(in Canadian dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Deficit	Shareholders' Equity
Balance at June 27, 2018	-	\$ -	\$ -	\$ -	\$ -
Share subscription (note 3)	19,000,000	1,400,000	-	-	1,400,000
Share issue costs	-	(95,250)	21,250	-	(74,000)
Share based compensation	-	-	170,500	-	170,500
Net loss for the period	-	-	-	(277,216)	(277,216)
Balance at December 31, 2018	19,000,000	\$ 1,304,750	\$ 191,750	\$ (277,216)	\$ 1,219,284

	Number of Shares	Share Capital	Reserves	Accumulated Deficit	Shareholders' Equity
Balance at December 31, 2018	19,000,000	\$ 1,304,750	\$ 191,750	\$ (277,216)	\$ 1,219,284
Net loss for the period	-	-	-	(62,202)	(62,202)
Balance at March 31, 2019	19,000,000	\$ 1,304,750	\$ 191,750	\$ (339,418)	\$ 1,157,082

* The Company was incorporated on June 27, 2018; accordingly, there is no period for direct comparison.

The accompanying notes are an integral part of these unaudited interim financial statements

J55 Capital Corp.

Interim Statement of Cash Flows

(unaudited)

(in Canadian Dollars)

For the three months ended March 31, 2019 *

Cash provided by/(used in)	
Operating activities	
Net loss	\$ (62,202)
Change in prepaid expenses	888
Change in accounts payable and accrued liabilities	50,929
	(10,385)
Net change in cash	(10,385)
Cash, beginning of period	1,238,311
Cash, end of period	\$ 1,227,926

** The Company was incorporated on June 27, 2018; accordingly, there is no period for comparison.*

The accompanying notes are an integral part of these unaudited interim financial statements

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

1. INCORPORATION AND NATURE OF BUSINESS

J55 Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on June 27, 2018 and is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

On May 28, 2019, the Board of Directors approved the interim financial statements for the three months ended March 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS"), Interim Financial Reporting ("IAS 34").

Basis of Presentation

The interim financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The interim financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these interim financial statements.

Loss Per Share

Basic earnings loss per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding 15,160,000 shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Financial Instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the interim statements of financial position.

Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Corporation's share issuance (note 3) and are charged against share capital.

Share-based Payments

The stock option plan allows Corporation employees and consultants to acquire shares of the Corporation. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Measurement Uncertainty

The preparation of interim financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of expenses during the period. Actual results could differ from those estimates used in the interim financial statements. Significant estimates include the inputs used in the valuation of share-based payments and agent's warrants, and provision for deferred income tax.

3. SHARE CAPITAL

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Issued and fully paid:

	Number of Shares		Amount
Issuance of common shares	19,000,000	\$	1,400,000
Agent's warrants			(21,250)
Share issuance costs			(74,000)
Balance, December 31, 2018 and March 31, 2019	19,000,000	\$	1,304,750

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

Escrowed Shares

On December 12, 2018 the Corporation completed its initial public offering and issued 4,000,000 common shares at \$0.10 per common share for total proceeds of \$400,000. Agent's commission of \$40,000, equal to a cash commission of 10% of the aggregate gross proceeds from the Shares sold was paid to the agent, in addition to 400,000 agents warrants (the "Agent's Warrants"). An additional \$31,500 was paid to the agent for share issuance costs. Each Agent's Warrant will entitle the holder to purchase one additional common share at a price of \$0.10 until December 14, 2020. The 400,000 agent's warrants were ascribed a fair value of \$21,250 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10 expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 2.101% and an expected life of 2 years.

On July 25, 2018 the Corporation issued 10,000,000 common shares at \$0.05 per common share for total proceeds of \$500,000.

On July 25, 2018, the Corporation issued 5,000,000 common shares at \$0.10 per common share for total proceeds of \$500,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

Stock Options

The Corporation has adopted a "rolling" stock option plan (the "Plan"), pursuant to which a maximum of 10% of the issued and outstanding common shares of the Corporation, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Board of Directors to eligible optionees under the Plan. Stock options granted vest at the discretion of the Board of Directors. The options can be granted for a maximum term of 10 years.

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

On December 12, 2018 the Corporation granted 1,900,000 stock options entitling the holders thereof the right to acquire one common share for each option at a price of \$0.10 until December 12, 2028. These options vested immediately.

	Number of stock options	Weighted Average Exercise Price (\$)
Balance, June 27, 2018	-	-
Cancelled	-	-
Granted	1,900,000	0.10
Exercised	-	-
Balance, December 31, 2018 and March 31, 2019	1,900,000	0.10

The stock options issued during the period ended December 31, 2018 were valued at \$170,500 based upon the Black-Scholes Method using the following weighted average assumptions: Risk-free interest rate: 2.101%, expected dividend yield: 0%, share price: \$0.10, exercise price: \$0.10, expected stock price volatility: 100%, expected life: 10 years.

4. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of issued common shares, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

J55 Capital Corp.

Notes to the Interim Financial Statements
(a Capital Pool Corporation)
(in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2019

5. FINANCIAL INSTRUMENTS

Fair Values

At March 31, 2019, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate carrying value due to the relatively short-term maturity of the instruments.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the corporation's liabilities. The \$81,503 of accounts payable and accrued liabilities are due within one year.

6. RELATED PARTY TRANSACTIONS

During the period ended March 31, 2019, there were no related party transactions.

7. COMMITMENTS

On February 22, 2019, the Company entered into a Letter of Intent with Aquilini GameCo Inc. (the "Target") to acquire all of the issued and outstanding securities of the Target (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between the Company and the Target. The Transaction is intended to result in a reverse takeover of the Company by the Target's shareholders. In connection with closing of the Transaction (the "Closing"), the Company intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by the Company and the Target.

APPENDIX 8
J55 CAPITAL CORP. MANAGEMENT DISCUSSION AND ANALYSIS

**Management's Discussion And Analysis For The Fiscal Period From Incorporation On June 27, 2018
To December 31, 2018**

and

**Management's Discussion And Analysis For The Three Months
Ended March 31, 2019**

J55 Capital Corp.

(a Capital Pool Corporation)

Management's Discussion and Analysis

For the Period: Inception (June 27, 2018) to December 31, 2018

Date of Report: April 3, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of J55 Capital Corp. ("J55" or the "Company") should be read in conjunction with J55's audited financial statements and notes thereto for the period from the date of incorporation (June 27, 2018) to December 31, 2018, and the prospectus dated November 29, 2018.

All financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business and Incorporation:

J55 was incorporated under the *Business Corporation Act* (Ontario) on June 27, 2018 and is classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The Company is domiciled in the province of British Columbia, Canada and the head office is located at Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6 and the registered head office of the Company is located at Suite 800, 885 West Georgia Street, Vancouver, BC V6C 3H1.

Selected Financial Information:

Summarized selected financial information with respect to the Company for the most recent three month quarters is as follows:

	December 31, 2018	September 30, 2018	June 30, 2018
Operating expenses	\$244,907	\$32,309	\$nil
Net loss and comprehensive loss	\$244,907	\$32,309	\$nil
Total assets	\$1,249,858	\$973,260	\$nil
Total liabilities	\$30,574	\$5,569	\$nil
Shareholders' equity	\$1,219,284	\$967,691	\$nil

Results of Operations – Period from inception to December 31, 2018

The Company recorded a net loss and comprehensive loss of \$277,216 during the period from inception (June 27, 2018) to December 31, 2018. There is no comparative period.

The net loss for the three months ended December 31, 2018 is represented by the following expenses incurred in the period:

Professional fees	\$46,929
Filing fees	\$10,926
Travel expense	\$15,099
Office expense	\$1,453
Share based compensation	\$170,500
	\$244,907

The Company, during the three months ended December 31, 2018, incurred professional fees and filing fees related to the filing of its prospectus.

Liquidity and capital resources

As at December 31, 2018, the Company had cash totalling \$1,238,311.

Total liabilities at December 31, 2018 were \$30,574.

Shareholder equity at December 31, 2018 was \$1,219,284.

Segmented Information

The Company has a single reportable geographic segment – Canada – and all of the Company's assets are located in Canada.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Investor Relations

During the three months ended December 31, 2018, the Company's management handled the Company's investor relations activities.

Outstanding Share Capital as at December 31, 2018

(a) Authorized	
Unlimited number of common shares	
Unlimited number of special shares	
(b) Issued	
19,000,000 common shares	\$1,400,000

(c) Escrowed shares:

On December 12, 2018 the Corporation completed its initial public offering and issued 4,000,000 common shares at \$0.10 per common share for total proceeds of \$400,000. Agent's commission of \$40,000, equal to a cash commission of 10% of the aggregate gross proceeds from the Shares sold was paid to the agent, in addition to 400,000 agents warrants (the "Agent's Warrants"). An additional \$31,500 was paid to the agent for share issuance costs. Each Agent's Warrant will entitle the holder to purchase one additional common share at a price of \$0.10 until December 14, 2020. The 400,000 agent's warrants were ascribed a fair value of \$21,250 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10 expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 2.101% and an expected life of 2 years.

On July 25, 2018 the Corporation issued 10,000,000 common shares at \$0.05 per common share for total proceeds of \$500,000.

On July 25, 2018, the Corporation issued 5,000,000 common shares at \$0.10 per common share for total proceeds of \$500,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

Transactions with Related Parties

Related parties include the Board of Directors, and enterprises which are controlled by these individuals as well as persons performing similar functions.

There was no related party transactions for the period ended December 31, 2018.

Financial Instruments

The carrying values of cash and accounts payable and accrued liabilities approximate fair value due to the relatively short term maturities of these instruments.

Management of Capital

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and accumulated deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Future Change in Accounting Policies

Refer to Note 2 in the Notes to the Financial Statements as at and for the period ended December 31, 2018 for details of the Company's significant accounting policies.

Contingency

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

Risk Disclosures and Fair Value

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities approximates fair value due to the relatively short term maturities of the instrument. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

Additional information relating to J55 Capital Corp., can be found within its prospectus dated November 29, 2018, which is available on the Company's SEDAR profile at www.sedar.com.

Outlook

Management believes the Company is well positioned to seek and complete a qualifying transaction. The Company believes that it has sufficient cash and capital resources.

Subsequent Event

On February 22, 2019 the Company entered into a Letter of Intent with Aquilini GameCo Inc. (the "Target") to acquire all of the issued and outstanding securities of the Target (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between the Company and the Target. The Transaction is intended to result in a reverse takeover of the Company by the Target's shareholders. In connection with closing of the Transaction (the "Closing"), the Company intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by the Company and the Target.

J55 Capital Corp.

(a Capital Pool Corporation)

Management's Discussion and Analysis

For the Period: Three months ended March 31, 2019

Date of Report: May 28, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of J55 Capital Corp. ("J55" or the "Company") should be read in conjunction with J55's unaudited financial statements and notes thereto for the three months ended March 31, 2019 and the prospectus dated November 29, 2018.

All financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business and Incorporation:

J55 was incorporated under the *Business Corporation Act* (Ontario) on June 27, 2018 and is classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The Company is domiciled in the province of British Columbia, Canada and the head office is located at Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6 and the registered head office of the Company is located at Suite 800, 885 West Georgia Street, Vancouver, BC V6C 3H1.

On February 22, 2019, the Company entered into a Letter of Intent with Aquilini GameCo Inc. (the "Target") to acquire all of the issued and outstanding securities of the Target (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between the Company and the Target. The Transaction is intended to result in a reverse takeover of the Company by the Target's shareholders. In connection with closing of the Transaction (the "Closing"), the Company intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by the Company and the Target.

Selected Financial Information:

Summarized selected financial information with respect to the Company for the most recent four quarters is as follows:

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Operating expenses	\$62,202	\$244,907	\$32,309	\$nil
Net loss and comprehensive loss	\$62,202	\$244,907	\$32,309	\$nil
Total assets	\$1,238,585	\$1,249,858	\$973,260	\$nil
Total liabilities	\$81,503	\$30,574	\$5,569	\$nil
Shareholders' equity	\$1,157,082	\$1,219,284	\$967,691	\$nil

Results of Operations – Three months ended March 31, 2019

The Company recorded a net loss and comprehensive loss of \$62,202 during the three months ended March 31, 2019. There is no comparative period.

The net loss for the three months ended March 31, 2019 is represented by the following expenses incurred in the period:

Professional fees	\$50,217
Filing fees	\$10,289
Travel expense	\$1,653
Office expense	\$43
	\$62,202

The Company, during the three months ended March 31, 2019, incurred professional fees and filing fees related to the negotiation and preparation of the Letter of Intent dated February 22, 2019 as described above.

Liquidity and capital resources

As at March 31, 2019, the Company had cash totalling \$1,227,926.

Total liabilities at March 31, 2019 were \$81,503.

Shareholder equity at March 31, 2019 was \$1,157,082.

Segmented Information

The Company has a single reportable geographic segment – Canada – and all of the Company's assets are located in Canada.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Investor Relations

During the three months ended March 31, 2019, the Company's management handled the Company's investor relations activities.

Outstanding Share Capital as at March 31, 2019

(a) Authorized	
Unlimited number of common shares	
Unlimited number of special shares	
(b) Issued	
19,000,000 common shares	\$1,400,000

(c) Escrowed shares:

On December 12, 2018 the Corporation completed its initial public offering and issued 4,000,000 common shares at \$0.10 per common share for total proceeds of \$400,000. Agent's commission of \$40,000, equal to a cash commission of 10% of the aggregate gross proceeds from the Shares sold was paid to the agent, in addition to 400,000 agents warrants (the "Agent's Warrants"). An additional \$31,500 was paid to the agent for share issuance costs. Each Agent's Warrant will entitle the holder to purchase one additional common share at a price of \$0.10 until December 14, 2020. The 400,000 agent's warrants were ascribed a fair value of \$21,250 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10 expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 2.101% and an expected life of 2 years.

On July 25, 2018 the Corporation issued 10,000,000 common shares at \$0.05 per common share for total proceeds of \$500,000.

On July 25, 2018, the Corporation issued 5,000,000 common shares at \$0.10 per common share for total proceeds of \$500,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

Transactions with Related Parties

Related parties include the Board of Directors, and enterprises which are controlled by these individuals as well as persons performing similar functions.

There was no related party transactions for the period ended March 31, 2019.

Financial Instruments

The carrying values of cash and accounts payable and accrued liabilities approximate fair value due to the relatively short term maturities of these instruments.

Management of Capital

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and accumulated deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Future Change in Accounting Policies

Refer to Note 2 in the Notes to the Financial Statements as at and for the period ended March 31, 2019 for details of the Company's significant accounting policies.

Contingency

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

Risk Disclosures and Fair Value

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities approximates fair value due to the relatively short term maturities of the instrument. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

Additional information relating to J55 Capital Corp., can be found within its prospectus dated November 29, 2018, which is available on the Company's SEDAR profile at www.sedar.com.

Outlook

Management believes the Company is well positioned to complete a qualifying transaction. The Company believes that it has sufficient cash and capital resources.

Subsequent Event

There are no subsequent events.

APPENDIX 9
AQUILINI GAMECO INC. FINANCIAL STATEMENTS

**Audited Annual Financial Statements For The Fiscal Period From Incorporation On August 29, 2018
To December 31, 2018**

and

**Unaudited (Auditor Reviewed) Interim Financial Statements For The
Three Months Ended March 31, 2019**

Aquilini GameCo Inc.
Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Aquilini GameCo Inc.:

Opinion

We have audited the financial statements of Aquilini GameCo Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from August 29, 2018 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from August 29, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario
May 24, 2019

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Aquilini GameCo Inc.

Statement of Financial Position

(Expressed in Canadian dollars)

As at	December 31, 2018
Assets	
Current assets	
Cash	\$ 4,155,054
Promissory note receivable (Note 4)	1,705,125
Subscription receivable (Note 6)	5,000
Total assets	\$ 5,865,179
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities (Note 5)	\$ 421,538
Shareholders' equity	
Share capital (Note 6)	5,711,833
Warrant reserve (Note 6)	115,913
Deficit	(384,105)
Total shareholders' equity	5,443,641
Total liabilities and shareholders' equity	\$ 5,865,179

Nature of operations (Note 1)
Related party transactions (Note 8)
Subsequent events (Note 11)

On behalf of the Board:

Signed: "Francesco Aquilini"

Chairman and Director

Signed: "Adrian Montgomery"

Director

The accompanying notes are an integral part of these financial statements.

Aquilini GameCo Inc.

Statement of Loss and Comprehensive Loss

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

	For the period from August 29, 2018 (date of incorporation) to December 31, 2018
Expenses	
Professional fees	\$ 300,230
Consulting fees	56,500
Unrealized foreign exchange loss	27,375
Net loss and comprehensive loss for the period	\$ (384,105)
Net loss per share	
Basic and diluted	\$ (0.00)
Weighted average number of common shares outstanding	
Basic and diluted	139,701,253

The accompanying notes are an integral part of these financial statements.

Aquilini GameCo Inc.

Statement of Changes in Shareholders' Equity

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

	Common shares		Warrant reserve	Deficit	Total shareholders' equity
	Number	Amount			
Balance at August 29, 2018	-	\$ -	\$ -	\$ -	\$ -
Net loss for the period	-	-	-	(384,105)	(384,105)
Issuance of shares, net of costs (Note 6)	159,011,600	5,711,833	115,913	-	5,827,746
Balance at December 31, 2018	159,011,600	\$ 5,711,833	\$ 115,913	\$ (384,105)	\$ 5,443,641

The accompanying notes are an integral part of these financial statements.

Aquilini GameCo Inc.

Statement of Cash Flows

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

	For the period from August 29, 2018 (date of incorporation) to December 31, 2018
Cash flows generated from operating activities	
Net loss for the period	\$ (384,105)
Unrealized foreign exchange loss	27,375
Changes in non-cash working capital items	
Accounts payable and accrued liabilities	421,538
Net cash generated from operating activities	64,808
Cash flows generated from financing activities	
Issuance of shares, net of costs (Note 6)	5,822,746
Net cash generated from financing activities	5,822,746
Cash flows used in investing activities	
Issuance of promissory note (Note 4)	(1,732,500)
Net cash used in investing activities	(1,732,500)
Net increase in cash	4,155,054
Cash, beginning of period	-
Cash, end of period	\$ 4,155,054

The accompanying notes are an integral part of these financial statements.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Aquilini GameCo Inc. ("GameCo", or the "Company"), was incorporated under the provisions of the Canada Business Corporations Act on August 29, 2018. The Company's principal activity is the acquisition and management of assets in the esports industry. The Company's registered office is Suite 3800, 200 Bay St, P.O. Box 84, Toronto, Ontario, M5J 2Z4.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issue by the Board of Directors on May 24, 2019.

Basis of presentation

These financial statements are presented in Canadian dollars which is also the functional currency of the Company.

These financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which have been measured at their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise noted.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at foreign exchange rates prevailing at the statement of financial position date. These foreign exchange differences arising on translation are recognized in net income (loss).

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, promissory note receivable and subscription receivable.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities (continued)

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction, net of tax, from the proceeds in share capital in the period the transaction occurs.

Warrants

Warrants issued are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs. Expired warrants are removed from warrant reserve and credited directly to retained earnings. Where warrants are denominated in a currency other than the Company's functional currency, they are considered a derivative liability and marked to market at each reporting period using the Black-Scholes pricing model.

Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the period from August 29, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes and deferred taxes (continued)

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share weighted except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The key sources of estimation uncertainty at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of warrants

The Black-Scholes Option pricing model is used to determine the fair value of the warrants and utilizes subjective assumptions such as expected price volatility which is based on comparable companies, expected life of the warrant and the risk-free rate. Any changes in these input assumptions can significantly affect the fair value estimate.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Provisions for impairment of promissory notes receivable

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Standards, amendments and interpretations issued and not yet effective

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

IFRS 16 will also result in reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company plans to apply IFRS 16 using the modified retrospective approach.

The Company has no leases therefore there is no impact from the adoption of this standard.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

4. PROMISSORY NOTE RECEIVABLE

Effective December 27, 2018, the Company entered into a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a related party AIG eSports LP. The promissory note receivable is due on demand any time after the first anniversary from the effective date. The Company recognized an unrealized foreign exchange loss in the amount of \$27,375 related to the promissory note receivable in the statement of loss and comprehensive loss for the period from August 29, 2018 to December 31, 2018.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	December 31, 2018
Accounts payable	\$ 408,038
Accrued liabilities	13,500
	<u>\$ 421,538</u>

6. SHARE CAPITAL

The Company is authorized to issue unlimited common shares with no par value. On August 29, 2018, the Company issued 100 common shares to the Chairman of the Board for a nominal amount upon incorporation.

On August 29, 2018, the Company completed a non-brokered private placement of 102,000,000 common shares at a price of \$0.005 per share, including 45,000,000 shares issued to certain directors of the Company, for gross proceeds of \$510,000, of which \$5,000 of the proceed was subscription receivable as at December 31, 2018.

On October 10, 2018, the Company completed a brokered private placement of 57,011,500 common shares at a price of \$0.10 per share, for gross proceeds of \$5,701,150. The Company incurred cash issuance costs of \$383,404. In addition, the Company issued 2,181,690 broker warrants, which are exercisable at \$0.10 per share for a term of 2 years. The fair value of the broker warrants in the amount of \$115,913 was determined using Black-Scholes pricing model with the following assumptions: share price of \$0.10, an exercise price of \$0.10, a volatility of 100.0%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk-free interest rate of 2.27%. The total issuance costs of \$499,317 were recognized as a deduction from the gross proceeds in share capital.

As at December 31, 2018, 2,181,690 warrants were outstanding with an exercise price of \$0.10 per share, which expire on October 10, 2020.

7. LOSS PER SHARE

The basic and fully diluted loss per share has been calculated using the weighted average number of common shares outstanding during the period from August 29, 2018 to December 31, 2018. For the period from August 29, 2018 to December 31, 2018, potentially dilutive common shares issuable upon the exercise of warrants were not included in the computation of loss per share because their effect was anti-dilutive.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the period from August 29, 2018 to December 31, 2018 were as follows:

As discussed in Note 6, 45,000,000 common shares were issued to certain directors of the Company for gross proceeds of \$225,000, which was part of the non-brokered private placement completed on August 29, 2018.

As discussed in Note 4, effective December 27, 2018, the Company received a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a related party AIG eSports LP. The promissory note receivable is due on demand any time after the first anniversary from the effective date.

The compensation of the directors and other key management of the Company was included in the summary table below. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	For the period from August 29, 2018 (date of incorporation) to December 31, 2018	
Short term compensation	\$	50,000
Total	\$	50,000

9. INCOME TAXES

Current income taxes

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Company's effective income tax rate is as follows:

	For the period from August 29, 2018 (date of incorporation) to December 31, 2018	
Loss before income taxes	\$	384,105
Combined federal and provincial statutory rates		26.5%
Expected tax recovery at statutory rates		(101,788)
Change in unrecognized portion of deferred taxes		203,390
Share issuance costs		(101,602)
Income taxes	\$	-

Deferred income taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of share issuance costs totaling \$357,844, which will be fully amortized in 2023 and non-capital losses carried forward of \$409,665.

The Company's Canadian non-capital income tax losses expire in 2038. The Company has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable that future taxable profits will be available against which these can be deducted.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of the cash, promissory note receivable, subscription receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

Cash includes cash held in trust. As at December 31, 2018, the Company had no cash equivalents.

(b) Foreign currency risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the reporting date. As at December 31, 2018, the Company carried net current assets of \$1,705,125 which are denominated in USD equivalent of \$1,250,000. Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2018, would have resulted in an exchange gain or loss of \$85,256.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, subscription receivable and promissory note receivable. The Company's cash is held in trust with the Company's legal counsel, therefore the associated credit risk is low. The promissory note receivable is from a related entity and therefore the associated credit risk is low.

(d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of \$4,155,054 to mitigate liquidity risk related to accounts payable and accrued liabilities in the amount of \$421,538.

(e) Interest rate risk

The Company has no significant exposure as at December 31, 2018 to interest rate risk through its financial instruments.

(d) Capital management

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, warrant reserve, and deficit, which as at December 31, 2018, amounted to \$5,443,641. The Company's objectives when managing capital are to have sufficient capital to acquire and manage its esports investments.

There were no changes in the Company's management of its capital during the period from August 29, 2018 to December 31, 2018. The Company is not subject to any externally imposed capital requirements. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

II. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to December 31, 2018:

- a) Effective April 15, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$240,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before April 14, 2020.
- b) Effective April 15, 2019, the Company entered into an exclusive service agreement with Blue Umbrella LLC for the services of artist Tory Lanez for a term of three years. The Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$1,250,000 for the artist's services. The common shares issued will be subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 30% six months after the closing of go-public transaction; (iii) 30% fifteen months after the closing of go-public transaction; and (iv) 30% twenty four months after the closing of go-public transaction.
- c) Effective April 1, 2019, the Company entered into an exclusive non-bonding service agreement with Young Money Entertainment, LLC for the services of artist Lil Wayne for a term of one year. Subject to the mutual execution of a definitive agreement, the Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$4,000,000 for the artist's services. The common shares issued will be subject to resale restrictions similar to that imposed on the senior management of the Company.
- d) Aquilini GameCo Inc. entered into a Letter of Intent dated February 22, 2019 (the "LOI") with J55 Capital Corp. ("J55"), whereby J55 will acquire all of the issued and outstanding securities of the Company (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between J55 and the Company, provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The Transaction is intended to result in a reverse takeover of J55 by the Company's shareholders. The Transaction will be a Non-Arm's Length Qualifying Transaction, as defined in the policies of the TSXV and, as such, it is anticipated that the approval of the disinterested shareholders of J55 will be required. In connection with closing of the Transaction (the "Closing"), J55 intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post-consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by J55 and the Company. It is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Industrial issuer.
- e) The Company raised \$25,000,200 pursuant to a private placement offering ("Financing") in connection with the proposed reverse takeover of J55 by the Company. Canaccord Genuity Corp. (the "Agent") acted as the sole agent for the Financing pursuant to an Agency Agreement dated March 20, 2019 among the Company, J55 and the Agent. The Financing was completed in connection with the proposed reverse takeover of J55 by the Company pursuant to the LOI dated February 22, 2019 between the Company and J55.

Effective February 14, 2019, the Company entered into a purchase agreement with Luminosity Gaming Inc. ("Luminosity Canada") and Luminosity Gaming (USA), LLC (which together with Luminosity Canada, is herein referred to as "Luminosity"), whereby the Company will acquire 100% of the issued and outstanding shares of Luminosity Canada and 100% of the membership interests of Luminosity Gaming USA, LLC for the following consideration:

- (i) \$1,500,000 in cash, payable on the closing date;
- (ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date subject to escrow conditions; and
- (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000.

Aquilini GameCo Inc.

Notes to the Financial Statements

For the Period from Incorporation, August 29, 2018, to December 31, 2018

(Expressed in Canadian Dollars)

11. SUBSEQUENT EVENTS (CONTINUED)

The Company intends to use the proceeds of the Financing for the acquisition of Luminosity, for strategic growth initiatives, working capital and general corporate purposes. Luminosity is a globally recognized esports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an esports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game *Overwatch*.

The Company issued an aggregate of 83,334,000 subscription receipts (each, a "Subscription Receipt") pursuant to the Financing at an issue price of \$0.30 per Subscription Receipt. The Subscription Receipts are governed by the terms and conditions of a Subscription Receipt Agreement dated March 20, 2019 between the Company, the Agent and Computershare Trust Company of Canada (the "Subscription Receipt Agent"). The net proceeds of the Financing are being held by the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement and will only be released to the Company in accordance with the terms of the Subscription Receipt Agreement.

Each Subscription Receipt will be automatically converted into one common share of the Company (each, a "Company Share") for no additional consideration upon satisfaction of the following escrow release conditions (collectively, the "Escrow Release Conditions"): (a) the execution of a definitive agreement (the "RTO Agreement") between J55, 11305751 Canada Inc., a wholly-owned subsidiary of J55 created for the purpose of the Transaction ("Newco") and the Company to complete the Transaction, and the satisfaction or waiver of all conditions precedent in the RTO Agreement to the satisfaction of the Agent; (b) the execution of the share purchase agreement dated February 14, 2019 (the "Luminosity SPA") between the Company and Luminosity for the acquisition of Luminosity by the Company, and the satisfaction or waiver of all the conditions precedent in the Luminosity SPA to the satisfaction of the Agent; (c) the receipt of all regulatory, shareholder and third party approvals required in connection with the Transaction and the acquisition of Luminosity; (d) the Company not being in breach or default of any of its covenants or obligations under the Agency Agreement and the Subscription Receipt Agreement; and (e) the delivery of a release notice by the Company and the Agent to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement.

Upon the Closing, the Company Shares issued on conversion of the Subscription Receipts will be exchanged for post-consolidation common shares of J55 in accordance with the terms of the RTO Agreement. If the Escrow Release Conditions are not satisfied by July 18, 2019, subject to that date being extended by the Agent in accordance with the terms of the Subscription Receipt Agreement, then the Subscription Receipts will be cancelled and the proceeds of the Financing, together with each subscriber's pro rata share of interest thereon, will be returned to the subscribers by the Subscription Receipt Agent.

In connection with the Financing, the Company is required to pay the Agent a commission equal to 6% of the aggregate gross proceeds of the brokered portion of the Financing, other than proceeds from the sale of Subscription Receipts to subscribers on the Company's president's list for which the Agent is entitled to a commission of 3% (collectively, the "Agent's Fee"). The Agent's Fee is payable in cash or Company Shares, in the Agent's sole discretion, with 50% of the Agent's Fee having been paid in cash on the closing date of the Financing, and the remaining 50% being payable on the satisfaction of the Escrow Release Conditions.

- f) Effective May 6, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$250,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before May 6, 2020.

Aquilini GameCo Inc.
Condensed Interim Financial Statements
For the three months ended March 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

Aquilini GameCo Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash	\$ 3,901,253	\$ 4,155,054
Restricted cash (Note 6)	24,067,119	-
Subscription receivable (Note 6)	5,000	5,000
Other receivables and deposits	210,982	-
Promissory note receivable (Note 4)	1,670,375	1,705,125
	\$ 29,854,729	\$ 5,865,179
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 1,522,388	\$ 421,538
Shareholders' equity		
Share capital (Note 6)	\$ 5,768,333	\$ 5,711,833
Shares to be issued (Note 6)	23,204,178	-
Warrants reserve (Note 6)	115,913	115,913
Accumulated deficit	(756,083)	(384,105)
Total shareholders' equity	28,332,341	5,443,641
Total liabilities and shareholders' equity	\$ 29,854,729	\$ 5,865,179

Nature of operations (Note 1)
Related party transactions (Note 8)
Subsequent events (Note 10)

On behalf of the Board:

Signed: "Francesco Aquilini"

Chairman and Director

Signed: "Adrian Montgomery"

Director

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

Aquilini GameCo Inc.**Condensed Interim Statement of Loss and Comprehensive Loss
For the three months ended March 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31, 2019
Expenses	
Consulting fees	\$ 243,173
Professional fees	28,098
Advertising and marketing	50,000
Foreign exchange loss (Note 4)	34,750
Office and general	15,957
Net loss and comprehensive loss for the period	\$ (371,978)
Net loss per share	
Basic and diluted	\$ (0.002)
Weighted average number of common shares outstanding	
Basic and diluted	159,032,526

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

Aquilini GameCo Inc.

Condensed Interim Statement of Changes in Shareholder's Equity For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital Number	Share capital Amount	Shares to be issued Number	Shares to be issued Amount	Warrants reserve	Accumulated deficit	Total shareholders' equity
Balance at January 1, 2019	159,011,600	\$ 5,711,833	-	\$ -	\$ 115,913	\$ (384,105)	\$ 5,443,641
Net loss for the period	-	-	-	-	-	(371,978)	(371,978)
Shares to be issued, net of costs (Note 6)	-	-	83,334,000	23,204,178	-	-	23,204,178
Shares issued for services (Note 6)	188,333	56,500	-	-	-	-	56,500
Balance at March 31, 2019	159,199,933	\$ 5,768,333	83,334,000	\$ 23,204,178	\$ 115,913	\$ (756,083)	\$ 28,332,341

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

Aquilini GameCo Inc.**Condensed Interim Statement of Cash Flows****For the three months ended March 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31, 2019
	\$ (371,978)
Net loss for the period	
Items not affecting cash:	
Shares issued for services (Note 6)	56,500
Unrealized foreign exchange loss (Note 4)	34,750
Changes in non-cash working capital items	
Other receivables and deposits	(194,082)
Accounts payable and accrued liabilities	229,134
Net cash generated from operating activities	(245,676)
Financing activities	
Share issuance costs paid (Note 6)	\$ (8,125)
Net cash used in financing activities	(8,125)
Net increase in cash	(253,801)
Cash, beginning of period	4,155,054
Cash, end of period	\$ 3,901,253

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

Aquilini GameCo Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS

Aquilini GameCo Inc. ("GameCo", or the "Company"), was incorporated under the provisions of the Canada Business Corporations Act on August 29, 2018. The Company's principal activity is the acquisition and management of assets in the esports industry. The Company's registered office is Suite 3800, 200 Bay St, P.O. Box 84, Toronto, Ontario, M5J 2Z4.

2. BASIS OF PREPARATION

Statement of compliance

The Company prepared its unaudited condensed interim financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. The unaudited condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the period from August 29, 2018 (date of incorporation) to December 31, 2018.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on July 10, 2019.

Basis of presentation

These condensed interim financial statements are presented in Canadian dollars which is also the functional currency of the Company.

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which have been measured at their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are outlined in the audited financial statements of the Company as at and for the period from August 29, 2018 (date of incorporation) to December 31, 2018, and have been applied consistently to all periods presented in these financial statements.

Adoption of new or amended accounting standards

On January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16"). IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. IFRS 16 also results in the reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company applied IFRS 16 using the modified retrospective approach.

There was no impact to the unaudited condensed interim financial statements of the Company due to the adoption of IFRS 16.

Aquilini GameCo Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. PROMISSORY NOTE RECEIVABLE

Effective December 27, 2018, the Company entered into a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a related party AIG eSports LP. The promissory note receivable is due on demand any time after the first anniversary from the effective date. The Company recognized an unrealized foreign exchange loss in the amount of \$34,750 related to the promissory note receivable in the statement of loss and comprehensive loss for the three months ended March 31, 2019.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	March 31, 2019	December 31, 2018
Trade payables	\$ 398,798	\$ 408,038
Accrued liabilities	1,123,590	13,500
	\$ 1,522,388	\$ 421,538

6. SHARE CAPITAL

The Company is authorized to issue unlimited common shares with no par value. On August 29, 2018, the Company issued 100 common shares to the Chairman of the Board for a nominal amount upon incorporation.

On August 29, 2018, the Company completed a non-brokered private placement of 102,000,000 common shares at a price of \$0.005 per share, including 45,000,000 shares issued to certain directors of the Company, for gross proceeds of \$510,000, of which \$5,000 of the proceeds were subscription receivable as at December 31, 2018 and March 31, 2019.

On October 10, 2018, the Company completed a brokered private placement of 57,011,500 common shares at a price of \$0.10 per share, for gross proceeds of \$5,701,150. The Company incurred cash issuance costs of \$383,404. In addition, the Company issued 2,181,690 broker warrants, which are exercisable at \$0.10 per share for a term of 2 years. The fair value of the broker warrants in the amount of \$115,913 was determined using Black-Scholes pricing model with the following assumptions: share price of \$0.10, an exercise price of \$0.10, a volatility of 100.0%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk-free interest rate of 2.27%. The total issuance costs of \$499,317 were recognized as a deduction from the gross proceeds in share capital.

As at December 31, 2018, 2,181,690 warrants were outstanding with an exercise price of \$0.10 per share, which expire on October 10, 2020.

During the three months ended March 31, 2019, the Company issued an aggregate of 83,334,000 subscription receipts (each, a "Subscription Receipt") at an issue price of \$0.30 per Subscription Receipt for total gross proceeds of \$25,000,200. The Subscription Receipts are governed by the terms and conditions of a Subscription Receipt Agreement dated March 20, 2019 between the Company, Canaccord Genuity Corp. (the "Agent") and Computershare Trust Company of Canada (the "Subscription Receipt Agent"). The Company incurred share issuance costs of \$1,796,022 and recorded net proceeds of \$23,204,178 as shares to be issued in the unaudited condensed interim statement of changes in shareholders' equity. The net proceeds are being held by the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement and will only be released to the Company in accordance with the terms of the Subscription Receipt Agreement. The amounts held by the Subscription Receipt Agent in the amount of \$24,067,119 has been recorded as restricted cash in the unaudited condensed interim statement of financial position as at March 31, 2019.

During the three months ended March 31, 2019, the Company also issued 188,333 common shares for services received in the amount of \$56,500.

Aquilini GameCo Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

7. LOSS PER SHARE

The basic and fully diluted loss per share has been calculated using the weighted average number of common shares outstanding during the three months ended March 31, 2019. For the three months ended March 31, 2019, potentially dilutive common shares issuable upon the exercise of warrants were not included in the computation of loss per share because their effect was anti-dilutive.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the three months ended March 31, 2019 are as follows:

As discussed in Note 4, effective December 27, 2018, the Company received a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a related party AIG eSports LP. The promissory note receivable is due on demand any time after the first anniversary from the effective date.

The compensation of the directors and other key management of the Company was included in the summary table below. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	For the three months ended March 31, 2019
Short term compensation	\$ 129,839
Total	\$ 129,839

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The carrying value of cash, restricted cash, other receivables and deposits, subscription receivable, promissory note receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments. Cash includes cash held in trust. As at March 31, 2019, the Company had no cash equivalents.

(b) Foreign currency risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the reporting date. As at March 31, 2019, the Company carried net current assets of \$1,670,375 (December 31, 2018 - \$1,705,125) which are denominated in USD equivalent of \$1,250,000 (December 31, 2018 - \$1,250,000). Accordingly, a 5% change in the US dollar exchange rate as at March 31, 2019, would have resulted in an exchange gain or loss of \$83,519 (December 31, 2018 - \$85,256).

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, restricted cash, subscription receivable and promissory note receivable. The Company's cash is held in trust with the Company's legal counsel and restricted cash is held with Subscription Receipt Agent, therefore the associated credit risk is low. The promissory note receivable is from a related entity and therefore the associated credit risk is low.

Aquilini GameCo Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had a cash balance of \$3,901,253 (December 31, 2018 - \$4,155,054) to mitigate liquidity risk related to accounts payable and accrued liabilities in the amount of \$1,522,388 (December 31, 2018 - \$421,538).

(e) Interest rate risk

The Company has no significant exposure as at March 31, 2019 and December 31, 2018 to interest rate risk through its financial instruments.

(f) Capital Management

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, shares to be issued, warrants reserve, and deficit, which as at March 31, 2019, amounted to \$28,332,341 (December 31, 2018 - \$5,443,641). The Company's objectives when managing capital are to have sufficient capital to acquire and manage its esports investments.

There were no changes in the Company's management of its capital during the three months ended March 31, 2019. The Company is not subject to any externally imposed capital requirements. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

10. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the year ended March 31, 2019:

- a) Effective April 15, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$240,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before April 14, 2020.
- b) Effective May 6, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$250,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before May 6, 2020.
- c) Effective April 15, 2019, the Company entered into an exclusive service agreement with Blue Umbrella LLC for the services of artist Tory Lanez for a term of three years. The Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$1,250,000 for the artist's services. The common shares issued will be subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 30% six months after the closing of go-public transaction; (iii) 30% fifteen months after the closing of go-public transaction; and (iv) 30% twenty four months after the closing of go-public transaction.
- d) Effective April 1, 2019, the Company entered into an exclusive non-bonding service agreement with Young Money Entertainment, LLC for the services of artist Lil Wayne for a term of one year. Subject to the mutual execution of a definitive agreement, the Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$4,000,000 for the artist's services. The common shares issued will be subject to resale restrictions similar to that imposed on the senior management of the Company.

Aquilini GameCo Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

10. SUBSEQUENT EVENTS (CONTINUED)

- e) Aquilini GameCo Inc. entered into an amalgamation agreement dated May 30, 2019, with J55 Capital Corp. ("J55"), whereby J55 will acquire all of the issued and outstanding securities of the Company (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). The Transaction is intended to result in a reverse takeover of J55 by the Company's shareholders. The Transaction will be a Non-Arm's Length Qualifying Transaction, as defined in the policies of the TSXV and, as such, the approval of the disinterested shareholders of J55 will be required. In connection with closing of the Transaction (the "Closing"), J55 intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post-consolidation share (the "Consolidation"). It is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Industrial issuer.

In addition, on May 30, 2019, the Company and J55 entered into an arrangement agreement (the "Arrangement Agreement") with Enthusiast Gaming Holdings Inc. (TSXV: EGLX) ("Enthusiast Gaming"), an arm's length company listed on the TSXV. J55 will acquire all of the outstanding common shares of Enthusiast Gaming (the "Enthusiast Common Shares") in exchange for common shares of J55 (the "J55 Shares") on the basis of 4.22 post Consolidation J55 Shares for each one Enthusiast Common Share (the "Arrangement"). The Arrangement constitutes a merger of Enthusiast Gaming and J55 on a fully diluted basis, after giving effect to the Luminosity acquisition and the Transaction. The Qualifying Transaction is expected to be completed immediately before the Arrangement. The combined company that will result from the completion of the Arrangement (the "Resulting Issuer") will be renamed "Enthusiast Gaming Holdings Inc." Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV, under the symbol "EGLX", and the business of the Resulting Issuer will be the combined businesses of the Company, Luminosity, and Enthusiast Gaming. The Arrangement is subject to receipt of various approvals including the approval of the Ontario Superior Court of Justice (Commercial List), the approval of the TSXV, and Enthusiast Gaming and J55 shareholder approval, as well as the closing of the Transaction and the satisfaction of certain other customary closing conditions. Closing of the Arrangement is expected to occur in the third quarter of 2019.

- f) On May 27, 2019, the Company issued 9,900,000 options, including 5,500,000 issued to certain directors and officers. Each option is exercisable into common shares of the Company on a one-for-one basis at an exercise price of \$0.30 per share. The options vest as to 10% immediately, 20% on each date which is 6, 12, 18, and 24 months from the date of grant, and 10% on the date which is 30 months from the date of grant. The options expire 5 years from the date of grant.
- g) On May 30, 2019, the Company and Enthusiast Gaming Holding Inc. ("Enthusiast") entered into a loan agreement as such on Loan Advance Date, defined by the earlier of (i) June 26, 2019; and (ii) upon Closing of the Equity Financing, the Company ("the Lender") will advance to Enthusiast ("the Borrower") in the greater amount of: (i) ten million dollars ("(\$10,000,000)") and (ii) all of the amount raised by the Lender in its next equity financing. The loan becomes due on the later of (i) one year after the Loan Advance Date, and (ii) Closing date of the Arrangement unless otherwise extended by the Lender. The loan is secured by a promissory note that bears interest at the rate of 8% per annum accruing from the Loan Advance Date to until the maturity date.

APPENDIX 10
AQUILINI GAMECO INC. MANAGEMENT DISCUSSION AND ANALYSIS

**Management Discussion and Analysis For The Fiscal Period From Incorporation On August 29, 2018
To December 31, 2018**

and

**Management's Discussion And Analysis For The
Three Months Ended March 31, 2019**

AQUILINI GAMECO INC.

Management's Discussion and Analysis

of the

Financial Condition and Results of Operations for the Period from
Incorporation (August 29, 2018) to December 31, 2018.

The following Management's Discussion and Analysis ("MD&A") comments on the audited financial condition and results of operations of Aquilini GameCo Inc. ("GameCo") for the period from incorporation (August 29, 2018) to December 31, 2018. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with GameCo's audited financial statements for the period from incorporation (August 29, 2018) to December 31, 2018 (the "Financial Statements").

Unless the context otherwise requires, all references to "Aquilini GameCo", "GameCo", "Corporation", "Company", "our", "us", and "we" refers to Aquilini GameCo Inc.

This MD&A is dated May 30, 2019. All amounts are presented in Canadian dollars, unless otherwise noted.

Advisory Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to identify and acquire assets in the esports space which are considered financially viable; the Company's expectations regarding the growth and monetization of the esports industry; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Aquilini GameCo Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

OVERVIEW AND ABOUT AQUILINI GAMECO INC.

GameCo was incorporated on August 29, 2018 pursuant to the CBCA as Aquilini GameCo Inc. GameCo has its registered and head office at 3800 - 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, ON M5J 2Z4. GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise.

In 2018 GameCo began negotiations and discussions to acquire Luminosity Gaming Inc. and Luminosity Gaming (USA), LLC (together “Luminosity”). Luminosity is a globally recognized eSports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an eSports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game *Overwatch*.

On February 14, 2019, GameCo, Luminosity, and Stephen Maida (founder of Luminosity) entered into a share purchase agreement (the “SPA”), pursuant to which GameCo agreed to acquire Luminosity in exchange for: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000. GameCo expects to complete the acquisition of Luminosity in the third quarter of 2019.

On closing of the Luminosity Acquisition, it is expected that the business of GameCo will be the operation of an esports organization which will provide management and support services to players involved in professional gaming through its wholly-owned subsidiary Luminosity. In addition, Luminosity intends to enter into a long-term management services agreement with the Vancouver Titans to continue management of the team, as well as a long-term services support agreement with Vancouver Arena Limited Partnership (“VALP”) pursuant to which VALP will provide Luminosity with a broad range of marketing and business support services, including corporate partnership and selling support, retail support, brand association and marketing support (to be provided by Canucks Sports & Entertainment), esports planning and execution, digital and social media support and back office support.

In May 2019 the Company entered into an amalgamation agreement with J55 Capital Corp. (“J55”), pursuant to which J55 will acquire all of the outstanding securities of GameCo (the “Amalgamation”). The Amalgamation shall constitute J55’s Qualifying Transaction. Immediately prior to the closing of the Amalgamation, GameCo will complete the Luminosity acquisition in accordance with the terms of the SPA.

On May 30, 2019, the Company and J55 entered into an arrangement agreement (the “Arrangement”) with Enthusiast Gaming Holdings Inc. (TSXV: EGLX) (“Enthusiast Gaming”), an arm’s length company listed on the TSX Venture Exchange (“TSXV”). Founded in 2014, Enthusiast Gaming is the largest vertically integrated video game company and has the fastest-growing online community of video gamers. Through Enthusiast Gaming’s organic and acquisition strategy, it has amassed a platform of over 150 million monthly visitors across its network of websites and YouTube channels. Enthusiast Gaming also owns and operates Canada’s largest gaming expo, Enthusiast Gaming Live Expo, EGLX, with approximately 55,000 people attending in 2018. For more information on Enthusiast Gaming, refer to Enthusiast Gaming’s profile at www.sedar.com.

In addition to shareholder approvals, the Arrangement will be subject to the completion of J55’s Qualifying Transaction and the Luminosity Acquisition and the satisfaction of other customary conditions. The Arrangement Agreement includes customary provisions, including covenants from Enthusiast Gaming to J55 not to solicit other acquisition proposals and the right for J55 to match any superior proposals. A termination fee of \$4,500,000 may be payable by Enthusiast Gaming to J55 in certain circumstances.

Under the terms of the Arrangement, Enthusiast Gaming shareholders will exchange each of their Enthusiast Common Shares for 4.22 J55 Shares. Following the completion of the Arrangement, J55 will change its name to “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSXV while the Enthusiast Common Shares will be delisted from the TSXV.

The Amalgamation is expected to be completed immediately before the Arrangement. The combined company that will result from the completion of the transactions (the “Resulting Issuer”) will be renamed “Enthusiast Gaming Holdings Inc.” Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV, under the symbol “EGLX”, and the business of the Resulting Issuer will be the combined businesses of GameCo, Luminosity and Enthusiast Gaming.

OPERATIONS AND OPERATIONAL HIGHLIGHTS

For the period from incorporation (August 29, 2018) to December 31, 2018, the Company was focused on capital raising and identifying viable assets in the esports industry for acquisition. For highlights of the capital raising efforts see *Capital Transactions* and *Subsequent Events*. The search for viable assets in the esports industry culminated in the Luminosity Acquisition and the Enthusiast Gaming Arrangement (see *Overview and About Aquilini GameCo Inc.*)

GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support the growth of its position as esports media enterprise for esports teams, players, streamers, audiences and enthusiasts. GameCo’s enterprise will be made up of interrelated operations that are intended to derive revenue from assets acquired by GameCo across the esports value chain, including, upon completion of the Luminosity Acquisition, revenue derived from the provision of management and support services to players involved in professional gaming.

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising.

GameCo intends to provide management and services agreements to team owners as well as individual players and streamers and in connection therewith, enter into management services agreements and individual, player or streamer agreements. The terms of each of these agreements may differ and services may be provided in different ways, including in-person or remotely and as a consultant or as a representative. Similarly, GameCo intends to merchandise products and engage in marketing initiatives, and in connection therewith, enter into different forms of agreements, including sponsorship or licensing agreements. The terms of each of these agreements may differ and products and services may be provided in different ways and on different platforms, including in-person at retail stores or live events or online through websites or in-game.

The branding of GameCo is particularly important to its marketing initiatives and its ability to gain traction in the industry and engage marketing partners such as sponsors. Esports entities that rely on marketing initiatives as a source of revenue will need to have a large following in order to enable marketing partners to generate revenue by leveraging this following.

MARKET TRENDS AND BUSINESS STRATEGY

Esports, or electronic sports, is the evolution of video gaming. Esports typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has

contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues, tournaments or other competitions and matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships. According to the Global eSports Market Report by Newzoo, the esports industry is expected to continue to grow, and, further, is one of the fastest growing entertainment categories globally with revenues expected to surpass US\$1.6B in 2021.

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising. To that end, GameCo expects to continue expanding its footprint in the esports industry and generally continue identifying and pursuing opportunities to acquire or invest in complementary businesses, including managing and investing in new teams and building a roster of streamers and influencers.

The esports industry's main audience has been the demographic cohort known as "Millennials" or "Generation Y". As such, GameCo generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

GameCo intends to develop its business by taking the following steps:

- Adopting a data-driven approach (through its Phase 1 and Phase 2 CRM Plans) to acquire information that will enable GameCo to create a database of information about its customers and esports fans. GameCo intends to use the information it acquires to, among other things, develop customized content that can be monetized to increase sponsorship revenue.
- Entering into the VALP Services Agreement
- Hiring a company to provide freelance content and communications support.
- Expanding into new game titles and acquiring and managing an expanded roster of participants such as competitive gamers, teams, team managers, streamers, game developers and viewing platforms.
- Building its sales and management teams. GameCo recently hired a Vice President to oversee these efforts.

OVERALL PERFORMANCE***Summary of Financial and Operating Results***

Period from Incorporation (August 29, 2018) to December 31, 2019 (the "Period Ended December 31, 2018")

Selected financial information for the Company for the indicated period is provided below:

	Period Ended December 31, 2018
	\$
Revenue	Nil
Interest income	Nil
Operating expenses	384,105
Net loss for the period	384,105
Net loss per share – basic and diluted	0.00

Operating expenses for the period ended December 31, 2018, were \$384,105. The table below provides a breakdown of operating expenses:

	Period Ended December 31, 2018
	\$
Professional fees (a)	300,230
Consulting fees (b)	56,500
Unrealized foreign exchange loss (c)	27,375
	384,105

Notes:

- (a) Professional fees were \$300,230 for the period ended December 31, 2018. Professional fees were substantially related to capital raising efforts, the Luminosity Acquisition, and negotiations and structuring of the VALP and potential ownership structures in other esports initiatives.
- (b) Consulting fees were \$56,500 for the period ended December 31, 2018. The consulting fees relate to management services provided to the Company.
- (c) Unrealized foreign exchange loss was \$27,375 for the period ended December 31, 2018. The promissory note receivable by the Company is denominated in the United States Dollar. Fluctuations in the exchange rate between the Canadian dollar and the United States created an unrealized foreign exchange loss.

The net loss per share for the period ended December 31, 2018, was \$0.00. The weighted average number of common shares outstanding for the period ended December 31, 2018, was 139,701,253.

QUARTERLY RESULTS OF OPERATIONS

As of December 31, 2018, GameCo was not a reporting entity and did not prepare quarterly results. As such, quarterly data is not available. GameCo was incorporated on August 29, 2018, and significantly all of the financial results of operations for the period ended December 31, 2018, relate to the fourth quarter 2018.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow for the Period Ended December 31, 2018

Net cash generated from operating activities was \$64,808 for the period ended December 31, 2018. This was due to the increase in accounts payable and accrued liabilities of \$421,538, which was offset by the net loss of \$384,105 (including a non-cash unrealized foreign exchange loss of \$27,375).

Net cash generated from financing activities was \$5,822,746 for the period ended December 31, 2018. This related to the issuance of shares and is net of costs (see *Capital Transactions*).

Net cash used in investing activities was \$1,732,500 for the period ended December 31, 2018. The Company entered into a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) with AIG eSports LP, a related party. See *Related Party Transactions*.

For the period ended December 31, 2018, the Company had a net increase in cash of \$4,155,054. As a result, as at December 31, 2018, the Company had a cash balance of \$4,155,054.

Liquidity

The Company had no revenue for the period ended December 31, 2018. The Company has relied on capital raising activities to fund its operations and its acquisitions of assets in the esports industry.

Selected financial information about the Company's financial position as at the indicated dates is provided below:

	December 31, 2018
	\$
Cash	4,155,054
Total assets	5,865,179
Long-term liabilities	Nil
Total liabilities	421,538
Share capital and warrant reserve	5,827,746
Deficit	(384,105)
Working capital	5,443,641

As at December 31, 2018, total liabilities were \$421,538, which comprised solely of accounts payable and accrued liabilities.

During the period ended December 31, 2018, the Company was able to raise funds through equity financings of \$5,822,746 (net of fees) (see *Capital Transactions*). The funds are being used to support the Company's esports acquisitions (such as the Luminosity Acquisition and the Enthusiast Arrangement) as well as for working capital requirements.

Commitments

A breakdown of the Company's liabilities and obligations as at December 31, 2018, is as follows:

Liabilities and obligations	Payments due by period (\$)				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	421,538	421,538	-	-	-
	421,538	421,538	-	-	-

The Company entered into certain material commitments subsequent to December 31, 2018. See *Subsequent Events*.

Management of Capital

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, warrant reserve, and deficit, which as at December 31, 2018, amounted to \$5,443,641. The Company's objectives when managing capital are to have sufficient capital to acquire and manage its esports investments.

There were no changes in the Company's management of its capital during the period from August 29, 2018 to December 31, 2018. The Company is not subject to any externally imposed capital requirements. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

Capital Transactions

The Company is authorized to issue unlimited common shares with no par value.

On August 29, 2018, the Company issued 100 common shares to the Chairman of the Board for a nominal amount upon incorporation.

On August 29, 2018, the Company completed a non-brokered private placement of 102,000,000 common shares at a price of \$0.005 per share, including 45,000,000 shares issued to certain directors of the Company, for gross proceeds of \$510,000, of which \$5,000 of the proceeds were subscription receivable as at December 31, 2018.

On October 10, 2018, the Company completed a brokered private placement of 57,011,500 common shares at a price of \$0.10 per share, for gross proceeds of \$5,701,150. The Company incurred cash issuance costs of \$383,404 relating to the placement. In addition, the Company issued 2,181,690 broker warrants, which are exercisable at \$0.10 per share for a term of 2 years. The fair value of the broker warrants in the amount of \$115,913 was determined using Black-Scholes pricing model with the following assumptions: share price of \$0.10, an exercise price of \$0.10, a volatility of 100.0%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk-free interest rate of 2.27%. The total issuance costs of \$499,317 were recognized as a deduction from the gross proceeds in share capital.

As at December 31, 2018, 2,181,690 warrants were outstanding with an exercise price of \$0.10 per share, which expire on October 10, 2020.

Disclosure of Outstanding Share Data

The Company had the following shares and securities convertible into shares outstanding at the following dates:

	May 30, 2019	December 31, 2018
Common Shares	159,011,600	159,011,600
Subscription Receipts, convertible into Common Shares	83,334,000	Nil
Warrants, convertible into Common Shares	2,181,690	2,181,690
Stock Options, convertible into Common Shares	Nil	Nil
Common Shares - Fully Diluted	244,527,290	161,193,290

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the period from August 29, 2018 to December 31, 2018 were as follows:

- a) As discussed in *Capital Transactions*, 45,000,000 common shares were issued to certain directors of the Company for gross proceeds of \$225,000, which was part of the non-brokered private placement completed on August 29, 2018.
- b) On December 27, 2018, the Company received a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a AIG eSports LP, a related party by nature of it being under the common control of the Company's Chairman, Francesco Aquilini. The promissory note receivable is due on demand any time after the first anniversary from the effective date.

The compensation of the directors and other key management of the Company comprised of short term compensation of \$50,000. There were no other forms of compensation provided to directors or other key management of the Company for the period from August 29, 2018, to December 31, 2018. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to December 31, 2018:

- a) Effective April 15, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$240,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before April 14, 2020.
- b) Effective April 15, 2019, the Company entered into an exclusive service agreement with Blue Umbrella LLC for the services of artist Tory Lanez for a term of three years. The Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$1,250,000 for the artist's services. The common shares issued will be subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 30% six months after the closing of go-public transaction; (iii) 30% fifteen months after the closing of go-public transaction; and (iv) 30% twenty four months after the closing of go-public transaction.

- c) Effective April 1, 2019, the Company entered into an exclusive non-bonding service agreement with Young Money Entertainment, LLC for the services of artist Lil Wayne for a term of one year. Subject to the mutual execution of a definitive agreement, the Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$4,000,000 for the artist's services. The common shares issued will be subject to resale restrictions similar to that imposed on the senior management of the Company.
- d) Aquilini GameCo Inc. entered into a Letter of Intent dated February 22, 2019 (the "LOI") with J55 Capital Corp. ("J55"), whereby J55 will acquire all of the issued and outstanding securities of the Company (the "Transaction"). The Transaction is subject to TSX Venture Exchange ("TSXV") approval and is intended to constitute J55's Qualifying Transaction (as defined in the policies of the TSXV). It is intended that the Transaction shall be completed by way of a share exchange between J55 and the Company, provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The Transaction is intended to result in a reverse takeover of J55 by the Company's shareholders. The Transaction will be a Non-Arm's Length Qualifying Transaction, as defined in the policies of the TSXV and, as such, it is anticipated that the approval of the disinterested shareholders of J55 will be required. In connection with closing of the Transaction (the "Closing"), J55 intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post-consolidation share (the "Consolidation") and to change its name to "Luminosity Gaming Inc." or to such other name as agreed to by J55 and the Company. It is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Industrial issuer.
- e) The Company raised \$25,000,200 pursuant to a private placement offering ("Financing") in connection with the proposed reverse takeover of J55 by the Company. Canaccord Genuity Corp. (the "Agent") acted as the sole agent for the Financing pursuant to an Agency Agreement dated March 20, 2019 among the Company, J55 and the Agent. The Financing was completed in connection with the proposed reverse takeover of J55 by the Company pursuant to the LOI dated February 22, 2019 between the Company and J55.

Effective February 14, 2019, the Company entered into a purchase agreement with Luminosity Gaming Inc. ("Luminosity Canada") and Luminosity Gaming (USA), LLC (which together with Luminosity Canada, is herein referred to as "Luminosity"), whereby the Company will acquire 100% of the issued and outstanding shares of Luminosity Canada and 100% of the membership interests of Luminosity Gaming USA, LLC for the following consideration: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date subject to escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000.

The Company intends to use the proceeds of the Financing for the acquisition of Luminosity, for strategic growth initiatives, working capital and general corporate purposes. Luminosity is a globally recognized esports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an esports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game Overwatch.

The Company issued an aggregate of 83,334,000 subscription receipts (each, a "Subscription Receipt") pursuant to the Financing at an issue price of \$0.30 per Subscription Receipt. The Subscription Receipts are governed by the terms and conditions of a Subscription Receipt Agreement dated March 20, 2019 between the Company, the Agent and Computershare Trust Company of Canada (the "Subscription Receipt Agent"). The net proceeds of the Financing are being held by the Subscription Receipt Agent pursuant to the

Subscription Receipt Agreement and will only be released to the Company in accordance with the terms of the Subscription Receipt Agreement.

Each Subscription Receipt will be automatically converted into one common share of the Company (each, a "Company Share") for no additional consideration upon satisfaction of the following escrow release conditions (collectively, the "Escrow Release Conditions"): (a) the execution of a definitive agreement (the "RTO Agreement") between J55, 11305751 Canada Inc., a wholly-owned subsidiary of J55 created for the purpose of the Transaction ("Newco") and the Company to complete the Transaction, and the satisfaction or waiver of all conditions precedent in the RTO Agreement to the satisfaction of the Agent; (b) the execution of the share purchase agreement dated February 14, 2019 (the "Luminosity SPA") between the Company and Luminosity for the acquisition of Luminosity by the Company, and the satisfaction or waiver of all the conditions precedent in the Luminosity SPA to the satisfaction of the Agent; (c) the receipt of all regulatory, shareholder and third party approvals required in connection with the Transaction and the acquisition of Luminosity; (d) the Company not being in breach or default of any of its covenants or obligations under the Agency Agreement and the Subscription Receipt Agreement; and (e) the delivery of a release notice by the Company and the Agent to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement.

Upon the Closing, the Company Shares issued on conversion of the Subscription Receipts will be exchanged for post-consolidation common shares of J55 in accordance with the terms of the RTO Agreement. If the Escrow Release Conditions are not satisfied by July 18, 2019, subject to that date being extended by the Agent in accordance with the terms of the Subscription Receipt Agreement, then the Subscription Receipts will be cancelled and the proceeds of the Financing, together with each subscriber's pro rata share of interest thereon, will be returned to the subscribers by the Subscription Receipt Agent.

In connection with the Financing, the Company is required to pay the Agent a commission equal to 6% of the aggregate gross proceeds of the brokered portion of the Financing, other than proceeds from the sale of Subscription Receipts to subscribers on the Company's president's list for which the Agent is entitled to a commission of 3% (collectively, the "Agent's Fee"). The Agent's Fee is payable in cash or Company Shares, in the Agent's sole discretion, with 50% of the Agent's Fee having been paid in cash on the closing date of the Financing, and the remaining 50% being payable on the satisfaction of the Escrow Release Conditions.

- f) Effective May 6, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$250,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before May 6, 2020.
- g) On May 30, 2019, the Company and J55 entered into an arrangement agreement with Enthusiast Gaming. For additional information about the arrangement agreement see *Overview and About Aquilini Gameco Inc.*

OFF-BALANCE SHEET ARRANGEMENTS

The company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

INVESTOR RELATIONS

Investor relations were performed by the Company for the period ended December 31, 2018.

SEGMENTED INFORMATION

The Company operates in one operating segment. Management assesses performance and makes decisions about allocating resources based on this one business segment. All of the Company's assets are located in Canada.

ADOPTION OF NEW OR AMENDED STANDARDS

The Company did not adopt any new standards during the period ended December 31, 2018.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

IFRS 16 will also result in reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company plans to apply IFRS 16 using the modified retrospective approach.

The Company has no leases therefore there is no expected impact from the adoption of this standard.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of the cash, promissory note receivable, subscription receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

Cash includes cash held in trust. As at December 31, 2018, the Company had no cash equivalents.

(b) Foreign currency risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the reporting date. As at December 31, 2018, the Company

carried net current assets of \$1,705,125 which are denominated in USD equivalent of \$1,250,000. Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2018, would have resulted in an exchange gain or loss of \$85,256.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, subscription receivable and promissory note receivable. The Company's cash is held in trust with the Company's legal counsel, therefore the associated credit risk is low. The promissory note receivable is from a related entity and therefore the associated credit risk is low.

(d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of \$4,155,054 to mitigate liquidity risk related to accounts payable and accrued liabilities in the amount of \$421,538.

(e) Interest rate risk

The Company has no significant exposure as at December 31, 2018 to interest rate risk through its financial instruments.

Other Risks and Uncertainty

Investors should carefully consider the risks and uncertainties described above and in the financial statements. The risks and uncertainties described in the Company's financial statements and MD&A are not the only ones it faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect its business.

ADDITIONAL INFORMATION:

Additional information relating to the Company is available in the audited financial statements for the period from incorporation (August 29, 2018) to December 31, 2018. Additional information relating to J55 and Enthusiast Gaming is available on those companies' respective SEDAR profiles at www.sedar.com.

AQUILINI GAMECO INC.

Management's Discussion and Analysis

of the

Financial Condition and Results of Operations for the Three Months Ended March 31, 2019

The following Management's Discussion and Analysis ("MD&A") comments on the unaudited financial condition and results of operations of Aquilini GameCo Inc. ("GameCo") for the three months ended March 31, 2019. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with GameCo's unaudited condensed interim financial statements for the three months ended March 31, 2019 (the "Financial Statements").

Unless the context otherwise requires, all references to "Aquilini GameCo", "GameCo", "Corporation", "Company", "our", "us", and "we" refers to Aquilini GameCo Inc.

This MD&A is dated July 11, 2019. All amounts are presented in Canadian dollars, unless otherwise noted.

Advisory Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to identify and acquire assets in the esports space which are considered financially viable; the Company's expectations regarding the growth and monetization of the esports industry; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Aquilini GameCo Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

OVERVIEW AND ABOUT AQUILINI GAMECO INC.

GameCo was incorporated on August 29, 2018 pursuant to the CBCA as Aquilini GameCo Inc. GameCo has its registered and head office at 3800 - 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, ON M5J 2Z4. GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support its growth as an esports media enterprise.

In 2018 GameCo began negotiations and discussions to acquire Luminosity Gaming Inc. and Luminosity Gaming (USA), LLC (together “Luminosity”). Luminosity is a globally recognized eSports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an eSports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game *Overwatch*.

On February 14, 2019, GameCo, Luminosity, and Stephen Maida (founder of Luminosity) entered into a share purchase agreement (the “SPA”), pursuant to which GameCo agreed to acquire Luminosity in exchange for: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000. GameCo expects to complete the acquisition of Luminosity in the third quarter of 2019.

On closing of the Luminosity Acquisition, it is expected that the business of GameCo will be the operation of an esports organization which will provide management and support services to players involved in professional gaming through its wholly-owned subsidiary Luminosity. In addition, Luminosity intends to enter into a long-term management services agreement with the Vancouver Titans to continue management of the team, as well as a long-term services support agreement with Vancouver Arena Limited Partnership (“VALP”) pursuant to which VALP will provide Luminosity with a broad range of marketing and business support services, including corporate partnership and selling support, retail support, brand association and marketing support (to be provided by Canucks Sports & Entertainment), esports planning and execution, digital and social media support and back office support.

In May 2019 the Company entered into an amalgamation agreement with J55 Capital Corp. (“J55”), pursuant to which J55 will acquire all of the outstanding securities of GameCo (the “Amalgamation”). The Amalgamation shall constitute J55’s Qualifying Transaction. Immediately prior to the closing of the Amalgamation, GameCo will complete the Luminosity acquisition in accordance with the terms of the SPA.

On May 30, 2019, the Company and J55 entered into an arrangement agreement (the “Arrangement”) with Enthusiast Gaming Holdings Inc. (TSXV: EGLX) (“Enthusiast Gaming”), an arm’s length company listed on the TSX Venture Exchange (“TSXV”). Founded in 2014, Enthusiast Gaming is the largest vertically integrated video game company and has the fastest-growing online community of video gamers. Through Enthusiast Gaming’s organic and acquisition strategy, it has amassed a platform of over 150 million monthly visitors across its network of websites and YouTube channels. Enthusiast Gaming also owns and operates Canada’s largest gaming expo, Enthusiast Gaming Live Expo, EGLX, with approximately 55,000 people attending in 2018. For more information on Enthusiast Gaming, refer to Enthusiast Gaming’s profile at www.sedar.com.

In addition to shareholder approvals, the Arrangement will be subject to the completion of J55’s Qualifying Transaction and the Luminosity Acquisition and the satisfaction of other customary conditions. The Arrangement Agreement includes customary provisions, including covenants from Enthusiast Gaming to J55 not to solicit other acquisition proposals and the right for J55 to match any superior proposals. A termination fee of \$4,500,000 may be payable by Enthusiast Gaming to J55 in certain circumstances.

Under the terms of the Arrangement, Enthusiast Gaming shareholders will exchange each of their Enthusiast Common Shares for 4.22 J55 Shares. Following the completion of the Arrangement, J55 will change its name to “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSXV while the Enthusiast Common Shares will be delisted from the TSXV.

The Amalgamation is expected to be completed immediately before the Arrangement. The combined company that will result from the completion of the transactions (the “Resulting Issuer”) will be renamed “Enthusiast Gaming Holdings Inc.” Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV, under the symbol “EGLX”, and the business of the Resulting Issuer will be the combined businesses of GameCo, Luminosity and Enthusiast Gaming.

OPERATIONS AND OPERATIONAL HIGHLIGHTS

For the three months ended March 31, 2019, the Company was focused on capital raising and identifying viable assets in the esports industry for acquisition. For highlights of the capital raising efforts see *Capital Transactions* and *Subsequent Events*. The search for viable assets in the esports industry culminated in the Luminosity Acquisition and the Enthusiast Gaming Arrangement (see *Overview and About Aquilini GameCo Inc.*)

GameCo is an esports organization focused on identifying and pursuing opportunities to acquire or invest in complementary businesses which would support the growth of its position as esports media enterprise for esports teams, players, streamers, audiences and enthusiasts. GameCo’s enterprise will be made up of interrelated operations that are intended to derive revenue from assets acquired by GameCo across the esports value chain, including, upon completion of the Luminosity Acquisition, revenue derived from the provision of management and support services to players involved in professional gaming.

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising.

GameCo intends to provide management and services agreements to team owners as well as individual players and streamers and in connection therewith, enter into management services agreements and individual, player or streamer agreements. The terms of each of these agreements may differ and services may be provided in different ways, including in-person or remotely and as a consultant or as a representative. Similarly, GameCo intends to merchandise products and engage in marketing initiatives, and in connection therewith, enter into different forms of agreements, including sponsorship or licensing agreements. The terms of each of these agreements may differ and products and services may be provided in different ways and on different platforms, including in-person at retail stores or live events or online through websites or in-game.

The branding of GameCo is particularly important to its marketing initiatives and its ability to gain traction in the industry and engage marketing partners such as sponsors. Esports entities that rely on marketing initiatives as a source of revenue will need to have a large following in order to enable marketing partners to generate revenue by leveraging this following.

MARKET TRENDS AND BUSINESS STRATEGY

Esports, or electronic sports, is the evolution of video gaming. Esports typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues,

tournaments or other competitions and matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships. According to the Global eSports Market Report by Newzoo, the esports industry is expected to continue to grow, and, further, is one of the fastest growing entertainment categories globally with revenues expected to surpass US\$1.6B in 2021.

GameCo expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising. To that end, GameCo expects to continue expanding its footprint in the esports industry and generally continue identifying and pursuing opportunities to acquire or invest in complementary businesses, including managing and investing in new teams and building a roster of streamers and influencers.

The esports industry's main audience has been the demographic cohort known as "Millenials" or "Generation Y". As such, GameCo generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

GameCo intends to develop its business by taking the following steps:

- Adopting a data-driven approach (through its Phase 1 and Phase 2 CRM Plans) to acquire information that will enable GameCo to create a database of information about its customers and esports fans. GameCo intends to use the information it acquires to, among other things, develop customized content that can be monetized to increase sponsorship revenue.
- Entering into the VALP Services Agreement
- Hiring a company to provide freelance content and communications support.
- Expanding into new game titles and acquiring and managing an expanded roster of participants such as competitive gamers, teams, team managers, streamers, game developers and viewing platforms.
- Building its sales and management teams. GameCo recently hired a Senior Vice President and a Vice President to oversee these efforts.

OVERALL PERFORMANCE***Summary of Financial and Operating Results*****Three Months Ended March 31, 2019**

Selected financial information for the Company for the indicated period is provided below:

	Three Months Ended March 31, 2019
	\$
Revenue	Nil
Interest income	Nil
Operating expenses	371,978
Net loss for the period	371,978
Net loss per share – basic and diluted	0.002

Operating expenses for the three months ended March 31, 2019, were \$371,978. The table below provides a breakdown of operating expenses:

	Three Months Ended March 31, 2019
	\$
Consulting fees (a)	243,173
Professional fees (b)	28,098
Advertising and marketing (c)	50,000
Foreign exchange loss (d)	34,750
Office and general (e)	15,957
	371,978

Notes:

- (a) Consulting fees were \$243,173 for the three months ended March 31, 2019. The consulting fees relate to management services provided to the Company.
- (b) Professional fees were \$28,098 for the three months ended March 31, 2019. Professional fees were substantially related to capital raising efforts, the Luminosity Acquisition, and negotiations and structuring of the VALP and potential ownership structures in other esports initiatives.
- (c) Advertising and marketing expense was \$50,000 for the three months ended March 31, 2019. The advertising and marketing expense relates to marketing initiatives concurrent with the capital raise efforts.
- (d) Foreign exchange loss was \$34,750 for the three months ended March 31, 2019. The promissory note receivable by the Company is denominated in the United States Dollar. Fluctuations in the exchange rate between the Canadian dollar and the United States created an unrealized foreign exchange loss.

The net loss per share for the three months ended March 31, 2019, was \$0.002. The weighted average number of common shares outstanding for the three months ended March 31, 2019, was 159,032,526.

QUARTERLY RESULTS OF OPERATIONS

As of March 31, 2019, GameCo was not a reporting entity and did not prepare quarterly results. As such, quarterly data is not available.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**Cash Flow for the Three Months Ended March 31, 2019**

Net cash used in operating activities was \$245,676 for the three months ended March 31, 2019. This was due to an increase in other receivables and deposits of \$194,082 and the net loss of \$371,978 (including a non-cash unrealized foreign exchange loss of \$34,750 and shares issued for services of \$56,500), which was offset by an increase in accounts payable and accrued liabilities of \$229,134.

Net cash used in financing activities was \$8,125 for the three months ended March 31, 2019. This related to the issuance of subscription receipts (see *Capital Transactions*).

There was no cash used or generated from investing activities for the three months ended March 31, 2019.

For the three months ended March 31, 2019, the Company had a net decrease in cash of \$253,801. As a result, as at March 31, 2019, the Company had a cash balance of \$3,901,253.

See *Capital Transactions* for information regarding the restricted cash balance of \$24,067,119 as at March 31, 2019.

Liquidity

The Company had no revenue for the three months ended March 31, 2019. The Company has relied on capital raising activities to fund its operations and its acquisitions of assets in the esports industry.

Selected financial information about the Company's financial position as at the indicated dates is provided below:

	March 31, 2019	December 31, 2018
	\$	\$
Cash	3,901,253	4,155,054
Restricted cash	24,067,119	Nil
Total assets	29,854,729	5,865,179
Long-term liabilities	Nil	Nil
Total liabilities	1,522,388	421,538
Share capital, shares to be issued, and warrant reserve	29,088,424	5,827,746
Deficit	(756,083)	(384,105)
Working capital	28,332,341	5,443,641

As at March 31, 2019, total liabilities were \$1,522,388, which comprised solely of accounts payable and accrued liabilities.

During the three months ended March 31, 2019, the Company was able to raise funds through equity financings of \$23,204,178 (net of fees) (see *Capital Transactions*). The funds are being used to support the Company's esports acquisitions (such as the Luminosity Acquisition and the Enthusiast Arrangement) as well as for working capital requirements.

Commitments

A breakdown of the Company's liabilities and obligations as at March 31, 2019, is as follows:

Liabilities and obligations	Payments due by period (\$)				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	1,522,388	1,522,388	-	-	-
	1,522,388	1,522,388	-	-	-

The Company entered into certain material commitments subsequent to March 31, 2019. See *Subsequent Events*.

Management of Capital

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, shares to be issued, warrant reserve, and deficit, which as at March 31, 2019, amounted to \$29,854,729 (December 31, 2018 - \$5,443,641). The Company's objectives when managing capital are to have sufficient capital to acquire and manage its esports investments.

There were no changes in the Company's management of its capital during the three months ended March 31, 2019. The Company is not subject to any externally imposed capital requirements. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

Capital Transactions

The Company is authorized to issue unlimited common shares with no par value.

On August 29, 2018, the Company issued 100 common shares to the Chairman of the Board for a nominal amount upon incorporation.

On August 29, 2018, the Company completed a non-brokered private placement of 102,000,000 common shares at a price of \$0.005 per share, including 45,000,000 shares issued to certain directors of the Company, for gross proceeds of \$510,000, of which \$5,000 of the proceeds were subscription receivable as at March 31, 2019.

On October 10, 2018, the Company completed a brokered private placement of 57,011,500 common shares at a price of \$0.10 per share, for gross proceeds of \$5,701,150. The Company incurred cash issuance costs of \$383,404 relating to the placement. In addition, the Company issued 2,181,690 broker warrants, which are exercisable at \$0.10 per share for a term of 2 years. The fair value of the broker warrants in the amount of \$115,913 was determined using Black-Scholes pricing model with the following assumptions: share price of \$0.10, an exercise price of \$0.10, a volatility of 100.0%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk-free interest rate of 2.27%. The total issuance costs of \$499,317 were recognized as a deduction from the gross proceeds in share capital.

During the three months ended March 31, 2019, the Company issued an aggregate of 83,334,000 subscription receipts (each, a "Subscription Receipt") at an issue price of \$0.30 per Subscription Receipt for total gross proceeds of \$25,000,200. The Subscription Receipts are governed by the terms and conditions of a Subscription Receipt Agreement dated March 20, 2019 between the Company, Canaccord Genuity Corp. (the "Agent") and Computershare Trust Company of Canada (the "Subscription Receipt Agent"). The Company incurred share issuance costs of \$1,796,022 and recorded net proceeds of \$23,204,178 as shares to be issued in the unaudited condensed interim

statement of changes in shareholders' equity. The net proceeds are being held by the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement and will only be released to the Company in accordance with the terms of the Subscription Receipt Agreement. The amounts held by the Subscription Receipt Agent in the amount of \$24,067,119 has been recorded as restricted cash in the unaudited condensed interim statement of financial position as at March 31, 2019.

During the three months ended March 31, 2019, the Company also issued 188,333 common shares for services received in the amount of \$56,500.

As at March 31, 2019, 2,181,690 warrants were outstanding with an exercise price of \$0.10 per share, which expire on October 10, 2020.

Disclosure of Outstanding Share Data

The Company had the following shares and securities convertible into shares outstanding at the following dates:

	July 11, 2019	March 31, 2019	December 31, 2018
Common Shares	159,199,933	159,199,933	159,011,600
Subscription Receipts, convertible into Common Shares	83,334,000	83,334,000	Nil
Warrants, convertible into Common Shares	2,181,690	2,181,690	2,181,690
Convertible debentures, convertible into Common Shares	22,222,222	Nil	Nil
Stock Options, convertible into Common Shares	9,900,000	Nil	Nil
Common Shares - Fully Diluted	276,837,845	244,715,623	161,193,290

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the three months ended March 31, 2019, were as follows:

As discussed in Note 4, effective December 27, 2018, the Company received a non-interest bearing promissory note receivable in the amount of \$1,732,500 (USD \$1,250,000) from a related party AIG eSports LP. The promissory note receivable is due on demand any time after the first anniversary from the effective date.

The compensation of the directors and other key management of the Company comprised of short term compensation of \$129,839. There were no other forms of compensation provided to directors or other key management of the Company for the three months ended March 31, 2019. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to March 31, 2019:

- a) Effective April 1, 2019, the Company entered into an exclusive non-bonding service agreement with Young Money Entertainment, LLC for the services of artist Lil Wayne for a term of one year. Subject to the mutual

execution of a definitive agreement, the Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$4,000,000 for the artist' services. The common shares issued will be subject to resale restrictions similar to that imposed on the senior management of the Company.

- b) Effective April 15, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$240,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before April 14, 2020.
- c) Effective April 15, 2019, the Company entered into an exclusive service agreement with Blue Umbrella LLC for the services of artist Tory Lanez for a term of three years. The Company will issue common shares with a share price of \$0.30 per common share for total consideration of \$1,250,000 for the artist' services. The common shares issued will be subject to a two year lock period subject to the following release schedule: (i) 10% on closing of the go-public transaction; (ii) 30% six months after the closing of go-public transaction; (iii) 30% fifteen months after the closing of go-public transaction; and (iv) 30% twenty four months after the closing of go-public transaction.
- d) Effective May 6, 2019, the Company entered into a promissory note receivable with Luminosity Gaming Inc. in the amount of (USD \$250,000). The promissory note receivable bears interest of 3.95% and is due on demand on or before May 6, 2020.
- e) On May 27, 2019, the Company issued 9,900,000 options, including 5,500,000 issued to certain directors and officers. Each option is exercisable into common shares of the Company on a one-for-one basis at an exercise price of \$0.30 per share. The options vest as to 10% immediately, 20% on each date which is 6, 12, 18, and 24 months from the date of grant, and 10% on the date which is 30 months from the date of grant. The options expire 5 years from the date of grant.
- f) On May 30, 2019, the Company entered into an amalgamation agreement with J55. For additional information about the amalgamation agreement see *Overview and About Aquilini Gameco Inc.*
- g) On May 30, 2019, the Company and J55 entered into an arrangement agreement with Enthusiast Gaming. For additional information about the arrangement agreement see *Overview and About Aquilini Gameco Inc.*

OFF-BALANCE SHEET ARRANGEMENTS

The company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

INVESTOR RELATIONS

Investor relations were performed by the Company for the three months ended March 31, 2019.

SEGMENTED INFORMATION

The Company operates in one operating segment. Management assesses performance and makes decisions about allocating resources based on this one business segment. All of the Company's assets are located in Canada.

ADOPTION OF NEW OR AMENDED STANDARDS

On January 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16"). IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. IFRS 16 also results in the reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company applied IFRS 16 using the modified retrospective approach.

There was no impact to the unaudited condensed interim financial statements of the Company due to the adoption of IFRS 16.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of the cash, restricted cash, promissory note receivable, subscription receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

Cash includes cash held in trust. As at March 31, 2019, the Company had no cash equivalents.

(b) Foreign currency risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the reporting date. As at March 31, 2019, the Company carried net current assets of \$1,670,375 (December 31, 2018 - \$1,705,125) which are denominated in USD equivalent of \$1,250,000 (December 31, 2018 - \$1,250,000). Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2018, would have resulted in an exchange gain or loss of \$83,519 (December 31, 2018 - \$85,256).

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, restricted cash, subscription receivable and promissory note receivable. The Company's cash is held in trust with the Company's legal counsel and restricted cash is held with a subscription receipt agent, therefore the associated credit risk is low. The promissory note receivable is from a related entity and therefore the associated credit risk is low.

(d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had a cash balance of \$3,901,253 (December 31, 2018 - \$4,155,054) to mitigate liquidity risk related to accounts payable and accrued liabilities in the amount of \$1,522,388 (December 31, 2018 - \$421,538).

(e) Interest rate risk

The Company has no significant exposure as at March 31, 2019 to interest rate risk through its financial instruments.

Other Risks and Uncertainty

Investors should carefully consider the risks and uncertainties described above and in the financial statements. The risks and uncertainties described in the Company's financial statements and MD&A are not the only ones it faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect its business.

ADDITIONAL INFORMATION:

Additional information relating to the Company is available in the unaudited interim condensed financial statements of the Company for the three months ended March 31, 2019, and the audited financial statements of the Company for the period from incorporation (August 29, 2018) to December 31, 2018. Additional information relating to J55 and Enthusiast Gaming is available on those companies' respective SEDAR profiles at www.sedar.com.

APPENDIX 11
LUMINOSITY GAMING INC. FINANCIAL STATEMENTS

**Combined Annual Financial Statements For The Fiscal Year
Ended December 31, 2018**

and

**Auditor Reviewed Unaudited Interim Financial Statements
For The Three Months Ended March 31, 2019**

LUMINOSITY GAMING

COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Luminosity Gaming, consisting of Luminosity Gaming Inc. and Luminosity Gaming (USA) LLC

Opinion

We have audited the accompanying combined financial statements of Luminosity Gaming, consisting of Luminosity Gaming Inc. and Luminosity Gaming (USA) LLC (the "Company") which comprise the combined statements of financial position as at December 31, 2018, 2017 and 2016 and the combined statements of comprehensive income, combined statements of changes in shareholder's equity and combined statements of cash flows for the years then ended, and notes to the combined financial statements including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section on our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report
Page 2

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

A further description of the auditor's responsibilities for the audit of the combined financial statements is located at Segal LLP's website at www.Segalllp.com. This description forms part of our Auditor's Report.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 11, 2019

LUMINOSITY GAMING

COMBINED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

	2018	2017	2016
ASSETS			
Current			
Cash	\$ 869,764	\$ 697,444	\$ 115,649
Accounts receivable	174,541	379,432	728,055
Due from shareholder, note 4	<u>-</u>	<u>102,126</u>	<u>113,010</u>
	<u>\$ 1,044,305</u>	<u>\$ 1,179,002</u>	<u>\$ 956,714</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities, note 6	\$ 661,409	\$ 512,456	\$ 98,997
Income taxes payable	<u>301,460</u>	<u>284,284</u>	<u>271,294</u>
	<u>962,869</u>	<u>796,740</u>	<u>370,291</u>
SHAREHOLDER'S EQUITY			
Capital stock, note 10	10	10	10
Retained earnings	<u>81,426</u>	<u>382,252</u>	<u>586,413</u>
	<u>81,436</u>	<u>382,262</u>	<u>586,423</u>
	<u>\$ 1,044,305</u>	<u>\$ 1,179,002</u>	<u>\$ 956,714</u>

Approved on behalf of the Board:

_____ Director

See accompanying notes to the combined financial statements

LUMINOSITY GAMING

COMBINED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

	Share Capital	Retained Earnings	Total Shareholder's Equity
Balance, January 1, 2018	\$ 10	\$ 382,252	\$ 382,262
Comprehensive income for the year	-	184,888	184,888
Dividends paid	<u>-</u>	<u>(485,714)</u>	<u>(485,714)</u>
Balance, December 31, 2018	<u>\$ 10</u>	<u>\$ 81,426</u>	<u>\$ 81,436</u>
Balance, January 1, 2017	\$ 10	\$ 586,413	\$ 586,423
Comprehensive income for the year	-	(23,161)	(23,161)
Dividends paid	<u>-</u>	<u>(181,000)</u>	<u>(181,000)</u>
Balance, December 31, 2017	<u>\$ 10</u>	<u>\$ 382,252</u>	<u>\$ 382,262</u>
Balance, January 1, 2016	\$ 10	\$ 207	\$ 217
Comprehensive income for the year	-	846,206	846,206
Dividends paid	<u>-</u>	<u>(260,000)</u>	<u>(260,000)</u>
Balance, December 31, 2016	<u>\$ 10</u>	<u>\$ 586,413</u>	<u>\$ 586,423</u>

See accompanying notes to the combined financial statements

LUMINOSITY GAMING

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

	2018	2017	2016
Sales			
Streaming revenue	\$ 2,320,503	\$ 600,906	\$ 331,617
Sponsorship revenue	200,628	354,813	856,761
Prize revenue	641,456	1,153,784	936,088
League fees	517,731	37,884	-
Merchandise sales	14,589	59,505	228,659
Buyout revenue	<u>152,220</u>	<u>440,599</u>	<u>983,215</u>
	<u>3,847,127</u>	<u>2,647,491</u>	<u>3,336,340</u>
Cost of sales			
Contractors	<u>3,081,916</u>	<u>2,247,785</u>	<u>2,039,101</u>
Gross profit	<u>765,211</u>	<u>399,706</u>	<u>1,297,239</u>
Expenses			
Travel and meals	239,435	274,543	151,466
Professional fees	250,252	36,991	-
Team and game expenses	159,050	37,895	3,735
Office and general	<u>74,724</u>	<u>60,233</u>	<u>38,258</u>
	<u>723,461</u>	<u>409,662</u>	<u>193,459</u>
Comprehensive income before the undernoted	<u>41,750</u>	<u>(9,956)</u>	<u>1,103,780</u>
Loss (gain) on foreign exchange	<u>(160,314)</u>	<u>215</u>	<u>(2,339)</u>
Comprehensive Income (loss) before provision for income taxes	202,064	(10,171)	1,106,119
Provision for income taxes			
- Current, note 9	<u>17,176</u>	<u>12,990</u>	<u>259,913</u>
Net income (loss) for the year	<u>\$ 184,888</u>	<u>\$ (23,161)</u>	<u>\$ 846,206</u>
Basic and diluted earnings (loss) per share	\$ 1,849	\$ (232)	\$ 8,462
Weighted average number of common shares			
- basic and diluted	<u>100</u>	<u>100</u>	<u>100</u>

See accompanying notes to the combined financial statements

LUMINOSITY GAMING

COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

	2018	2017	2016
Cash flows from operating activities			
Net income (loss) for the year	\$ 184,888	\$ (23,161)	\$ 846,206
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable	204,891	348,624	(728,055)
Increase (decrease) in accounts payable and accrued liabilities	148,953	413,458	98,997
Increase in income taxes payable	<u>17,176</u>	<u>12,990</u>	<u>259,913</u>
Cash flows provided from operating activities	<u>555,908</u>	<u>751,911</u>	<u>477,061</u>
Cash flows from financing activities			
Decrease (increase) in due from shareholder	102,126	10,884	(101,412)
Dividends paid	<u>(485,714)</u>	<u>(181,000)</u>	<u>(260,000)</u>
Cash flows used in financing activities	<u>(383,588)</u>	<u>(170,116)</u>	<u>(361,412)</u>
Net increase in cash	172,320	581,795	115,649
Cash, beginning of year	<u>697,444</u>	<u>115,649</u>	<u>-</u>
Cash, end of year	<u><u>\$ 869,764</u></u>	<u><u>\$ 697,444</u></u>	<u><u>\$ 115,649</u></u>

See accompanying notes to the combined financial statements

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

1. NATURE OF BUSINESS

The combined statements of Luminosity Gaming consist of the following entities jointly referred to as the "Company":

Luminosity Gaming Inc. ("Luminosity Canada") was incorporated under the laws of the Province of Ontario on October 15, 2015. Luminosity Canada is a professional eSports gaming company that operates various professional gaming teams competing under the Luminosity team name. The registered office of Luminosity Canada is 1222 Tourmaline Court, Mississauga, Ontario, Canada, L5H 4M2.

Luminosity Gaming (USA) LLC ("Luminosity USA") was formed as a Limited Liability Company under the laws of the State of California on February 27, 2017. Luminosity USA operates in the same industry as Luminosity Canada. The registered office of Luminosity USA is located at 388 Market Street, Suite 1300, San Francisco, California, USA, 94111.

The Company is owned by the same party and under the same management during the reporting period. These combined financial statements have been prepared on a combined basis to reflect that Luminosity Canada and Luminosity USA reflect the activities of one economic entity.

2. CHANGES IN ACCOUNTING POLICIES

The Company adopted IFRS 9 effective January 1, 2018. The adoption has the following impact.

Financial instruments - Initial measurement

A financial asset or financial liability is initially measured at fair value plus for items not at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), transaction costs directly attributable to its acquisition on issue.

Financial assets - Classification and subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions (and is not designated as at fair value through profit or loss ("FVTPL")):

1. It is held with the objective to hold the asset and to collect contractual cash flows
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets not measured at amortized cost as described above are measured at FVTPL. The Company classifies its cash, accounts receivable and due from shareholder as measured at amortized cost.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

2. CHANGES IN ACCOUNTING POLICIES (Continued...)

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (“FVTPL”). A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company classifies accounts payable and accrued liabilities at measured at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

With respect to cash, accounts receivable and due from shareholder, the Company measures the loss allowances at a 12-month ECL as the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

2. CHANGES IN ACCOUNTING POLICIES (Continued...)

Transition

Except for changes in classification described below, there were no significant changes as a result of the transition to IFRS 9.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Refer to the table below for the impact on classification of adopting IFRS 9.

	<u>IAS 39</u>	<u>IFRS 9</u>
Accounts receivable	Loans and receivables	Amortized cost
Cash	Amortized cost	Amortized cost
Due from shareholders	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

IFRS 15 – Revenue from contracts with customers

On January 1, 2018, the Company adopted IFRS 15. Under this standard, the Company applies a five step model to account for revenue from contracts with customers, with a focus on recognizing revenue as goods and services are transferred. This standard did not have a material impact on the Company's combined financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These combined financial statements were authorized to issue by management on July 11, 2019.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Basis of presentation

The combined financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All intercompany accounts and transactions have been eliminated in the combined financial statements.

The combined financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on December 31, 2018.

These combined financial statements are presented in the functional currency of the Company, the Canadian Dollar.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

The Company earns sponsorship and streaming revenue from certain agreements with contractors and streaming services. These revenues are recognized on an accrual basis once the sponsorship activity has been performed or streaming activity has occurred and collection is reasonably assured.

The Company earns prize revenue from its winnings from various eSports tournaments and competitions that the Luminosity teams enter into. Revenue is recognized once the competitions end and collection is reasonably assured.

The Company earns league fees from the Luminosity teams being participants in certain various eSports leagues. These fees are recognized when the leagues end and collection is reasonably assured.

The Company earns buyout revenue from fees charged to competing eSports teams for the buyout of contracted players that compete for the various Luminosity teams. The revenue is recognized when the transfer of the contracts is completed.

The Company earns revenue on physical and digital merchandise that it sells through its website and video games. Revenue is recognized when the products are shipped or digital products have been redeemed and collection is reasonably assured.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Cash

Cash consists of cash on deposit. Amounts are carried at amortized cost.

Accounts receivable

Accounts receivable is the amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivable is recognized initially at fair value and measured subsequently at amortized cost.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Income taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Income taxes (Continued...)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Monetary items denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at each financial position reporting date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in comprehensive income.

Critical judgement and estimates

The preparation of these combined financial statements in accordance with 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 combined statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Key areas where management has made estimates include revenue recognition. Actual results could differ from those estimates.

Provisions

The Company recognizes a provision, if as a result of a prior event, the Company has a current obligation requiring the outflow of resources to settle. Provisions are recorded at management's best estimate of the most probable outcome of any future settlement.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Accounting standards issued but not yet applied

IFRS 16, "Leases" ("IFRS 16")

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applied a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019.

The Companies do not have any lease agreements during any of the reporting periods. The adoption of this standard is not expected to have a material impact on the Companies' combined financial statements.

4. DUE FROM SHAREHOLDER

Amounts due from shareholder are unsecured, bear no interest, and are due on demand. The loans have been discounted using an implied rate of 5%.

5. KEY MANAGEMENT COMPENSATION

There was no key management compensation during the year (2017 - \$Nil, 2016 - \$Nil).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017	2016
Accounts payable	\$ 439,385	\$ 413,350	\$ -
Accrued liabilities	<u>222,024</u>	<u>99,106</u>	<u>98,997</u>
	<u>\$ 661,409</u>	<u>\$ 512,456</u>	<u>\$ 98,997</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the combined statement of financial position based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that there are no financial assets carried at fair value which are classified as Level 1.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due from shareholder. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) **Market price risk**

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not exposed to significant market price risk.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Fair value (Continued...)

ii) Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2018, 2017 and 2016 the amount of \$869,764 (2017 - \$697,444, 2016 - \$115,649) was held in deposits with financial institutions.

2018

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Financial assets				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,044,305</u>	\$ <u>1,044,305</u>
Financial liabilities				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>661,409</u>	\$ <u>661,409</u>

2017

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Financial assets				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,179,002</u>	\$ <u>1,179,002</u>
Financial liabilities				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>512,456</u>	\$ <u>512,456</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Fair value (Continued...)

ii) Interest rate risk (Continued...)

2016

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Financial assets				
At amortized cost	\$ <u>-</u>	\$ <u>-</u>	\$ <u>956,714</u>	\$ <u>956,714</u>
Financial liabilities				
At amortized cost	\$ <u>-</u>	\$ <u>-</u>	\$ <u>98,997</u>	\$ <u>98,997</u>

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event. The Company does use derivative financial instruments to hedge these risks.

The following table provides a summary of financial assets and liabilities denominated in U.S. Dollars as at December 31, 2018, 2017 and 2016.

	2018	2017	2016
Cash	\$ 637,583	\$ 555,926	\$ 86,010
Accounts receivable	127,944	297,104	564,953
Accounts payable	<u>(444,698)</u>	<u>(408,493)</u>	<u>(73,730)</u>
	\$ <u>320,829</u>	\$ <u>444,537</u>	\$ <u>577,233</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Fair value (Continued...)

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at December 31, 2018, 2017 and 2016. The Company expects that all financial assets and liabilities will mature within the year.

8. CAPITAL MANAGEMENT

The capital of the Company consists of shareholders' equity. The Company's objectives when managing its capital are to create growth in shareholders' equity, to safeguard the Company's ability to continue its operations as a going concern, to allow the Company to respond to changes in economic and/or marketplace conditions and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

To reach its objectives, the Company will balance its overall capital structure through the issuance of debt and share capital, the payment of dividends and by undertaking other activities as deemed appropriate under specific circumstances.

Apart from the above noted requirements the Company is not subject to any externally imposed capital requirements. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at December 31, 2018, 2017 and 2016.

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

9. RECONCILIATION OF ACCOUNTING INCOME TO NET INCOME FOR INCOME TAX PURPOSES

	2018	2017	2016
Comprehensive income (loss) before taxes per combined financial statements	\$ 202,064	\$ (10,171)	\$ 1,106,119
Add (deduct) items for income tax purposes:			
Non-deductible meals and entertainment	27,198	15,759	15,318
Unrealized foreign exchange loss (gain)	<u>(102,031)</u>	<u>81,009</u>	<u>76,347</u>
Income for income tax purposes	<u>\$ 127,231</u>	<u>\$ 86,597</u>	<u>\$ 1,197,784</u>
Provision for income taxes	<u>\$ 17,176</u>	<u>\$ 12,990</u>	<u>\$ 259,913</u>
Effective rate of current taxes	<u>13.5%</u>	<u>15.0%</u>	<u>21.7%</u>

10. CAPITAL STOCK

		2018	2017	2016
Authorized				
Unlimited	Class A common shares			
Unlimited	Class B common non-voting shares			
Unlimited	Preferred shares, non-voting non-participating			
Issued				
100	Class A common shares	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018, 2017 and 2016

Amounts expressed in Canadian Dollars

11. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company entered into a purchase and sale transaction with Aquilini GameCo Inc. ("Aquilini"), whereby Acquilini will acquire 100% of the Company's issued and outstanding shares and membership interests for the following consideration:

- i) \$1,500,000 in cash, payable on the closing date;
- ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date subject to escrow conditions; and
- iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000.

LUMINOSITY GAMING

COMBINED INTERIM FINANCIAL STATEMENTS MARCH 31, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

**To the Shareholder of
Luminosity Gaming, consisting of Luminosity Gaming Inc. and Luminosity Gaming (USA) LLC**

We have reviewed the accompanying combined interim financial statements of Luminosity Gaming, consisting of Luminosity Gaming Inc. and Luminosity Gaming (USA) LLC (the "Company"), that comprise the combined interim statement of financial position as at March 31, 2019, and the combined interim statement of comprehensive income, combined interim statement of changes in shareholder's equity (deficiency) and combined interim statement of cash flows for the period from January 1, 2019 to March 31, 2019, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Interim Financial Statements

Management is responsible for the preparation and fair presentation of these combined interim financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of combined interim financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying combined interim financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of combined interim financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these combined interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the combined interim financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and the results of its operations and its cash flows for the period from January 1, 2019 to March 31, 2019 in accordance with International Financial Reporting Standards.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 11, 2019

LUMINOSITY GAMING

COMBINED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

	March 31, 2019	December 31, 2018
ASSETS		
Current		
Cash	\$ 127,566	\$ 869,764
Accounts receivable	<u>292,733</u>	<u>174,541</u>
	<u>\$ 420,299</u>	<u>\$ 1,044,305</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 4	\$ 806,664	\$ 661,409
Income taxes payable	<u>171,295</u>	<u>301,460</u>
	<u>977,959</u>	<u>962,869</u>
SHAREHOLDER'S EQUITY (DEFICIENCY)		
Capital stock, note 8	10	10
Retained earnings (deficiency)	<u>(557,670)</u>	<u>81,426</u>
	<u>(557,660)</u>	<u>81,436</u>
	<u>\$ 420,299</u>	<u>\$ 1,044,305</u>

Approved on behalf of the Board:

_____ Director

LUMINOSITY GAMING

COMBINED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIENCY)

FOR THE PERIOD FROM JANUARY 1, 2019 TO MARCH 31, 2019

Amounts expressed in Canadian Dollars

(UNAUDITED)

	Share Capital	Retained Earnings (Deficiency)	Total Shareholder's Equity (Deficiency)
Balance, January 1, 2019	\$ 10	\$ 81,426	\$ 81,436
Comprehensive loss for the period	-	(440,042)	(440,042)
Dividends paid	<u>-</u>	<u>(199,054)</u>	<u>(199,054)</u>
Balance, March 31, 2019	<u>\$ 10</u>	<u>\$ (557,670)</u>	<u>\$ (557,660)</u>
Balance, January 1, 2018	\$ 10	\$ 382,262	\$ 382,272
Comprehensive income for the period	<u>-</u>	<u>722,864</u>	<u>722,864</u>
Balance, March 31, 2018	<u>\$ 10</u>	<u>\$ 1,105,126</u>	<u>\$ 1,105,136</u>

See accompanying notes to the combined interim financial statements

LUMINOSITY GAMING

COMBINED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1, 2019 TO MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

	March 31, 2019	March 31, 2018
Sales		
Prize revenue	\$ 201,520	\$ 136,205
Management revenue	113,334	-
Merchandise sales	40,166	3,273
League fees	38,517	119,082
Buyout revenue	26,602	63,015
Sponsorship revenue	6,729	-
Streaming revenue	<u>-</u>	<u>1,106,779</u>
	<u>426,868</u>	<u>1,428,354</u>
Cost of sales		
Contractors	<u>759,632</u>	<u>495,201</u>
Gross profit (loss)	<u>(332,764)</u>	<u>933,153</u>
Expenses		
Travel and meals	126,861	2,692
Team and game expenses	38,300	14,206
Professional fees	30,184	27,831
Office and general	<u>23,384</u>	<u>3,046</u>
	<u>218,729</u>	<u>47,775</u>
Comprehensive income (loss) before the undernoted	<u>(551,493)</u>	<u>885,378</u>
Loss (gain) on foreign exchange	<u>18,714</u>	<u>(12,464)</u>
Comprehensive income (loss) before provision for (recovery of) income taxes	(570,207)	897,842
Provision for (recovery of) income taxes - Current, note 7	<u>(130,165)</u>	<u>174,978</u>
Comprehensive income (loss) for the period	<u><u>\$ (440,042)</u></u>	<u><u>\$ 722,864</u></u>
Basic and diluted earnings (loss) per share	\$ (4,400)	\$ 7,229
Weighted average number of common shares - basic and diluted	<u>100</u>	<u>100</u>

See accompanying notes to the combined interim financial statements

LUMINOSITY GAMING

COMBINED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM JANUARY 1, 2019 TO MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Comprehensive income (loss) for the period	\$ (440,042)	\$ 722,864
Changes in non-cash working capital balances		
Increase in accounts receivable	(118,192)	(551,484)
Increase (decrease) in accounts payable and accrued liabilities	145,255	(265,166)
Increase (decrease) in income taxes payable	<u>(130,165)</u>	<u>174,978</u>
Cash flows provided from (used in) operating activities	<u>(543,144)</u>	<u>81,192</u>
Cash flows from financing activities		
Dividends paid	(199,054)	-
Increase in shareholder loan	<u>-</u>	<u>(98,795)</u>
Cash flows used in financing activities	<u>(199,054)</u>	<u>(98,795)</u>
Net decrease in cash	(742,198)	(17,603)
Cash, beginning of period	<u>869,764</u>	<u>697,444</u>
Cash, end of period	<u><u>\$ 127,566</u></u>	<u><u>\$ 679,841</u></u>

See accompanying notes to the combined interim financial statements

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

1. NATURE OF BUSINESS

The combined interim statements of Luminosity Gaming consist of the following entities jointly referred to as the "Company":

Luminosity Gaming Inc. ("Luminosity Canada") was incorporated under the laws of the Province of Ontario on October 15, 2015. Luminosity Canada is a professional eSports gaming company that operates various professional gaming teams competing under the Luminosity team name. The registered office of Luminosity Canada is 1222 Tourmaline Court, Mississauga, Ontario, Canada, L5H 4M2.

Luminosity Gaming (USA) LLC ("Luminosity USA") was formed as a Limited Liability Company under the laws of the State of California on February 27, 2017. Luminosity USA operates in the same industry as Luminosity Canada. The registered office of Luminosity USA is located at 388 Market Street, Suite 1300, San Francisco, California, USA, 94111.

The Company is owned by the same party and under the same management during the reporting period. These combined interim financial statements have been prepared on a combined basis to reflect that Luminosity Canada and Luminosity USA reflect the activities of one economic entity.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

The combined interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These combined interim financial statements were authorized to issue by management on July 11, 2019.

Basis of presentation

The combined interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All intercompany accounts and transactions have been eliminated in the combined interim financial statements.

The combined interim financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on March 31, 2019.

These combined interim financial statements are presented in the functional currency of the Company, the Canadian Dollar.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

The Company earns sponsorship and streaming revenue from certain agreements with contractors and streaming services. These revenues are recognized on an accrual basis once the sponsorship activity has been performed or streaming activity has occurred and collection is reasonably assured.

The Company earns prize revenue from its winnings from various eSports tournaments and competitions that the Luminosity teams enter into. Revenue is recognized once the competitions end and collection is reasonably assured.

The Company earns league fees from the Luminosity teams being participants in certain various eSports leagues. These fees are recognized when the leagues end and collection is reasonably assured.

The Company earns buyout revenue from fees charged to competing eSports teams for the buyout of contracted players that compete for the various Luminosity teams. The revenue is recognized when the transfer of the contracts is completed.

The Company earns revenue on physical and digital merchandise that it sells through its website and video games. Revenue is recognized when the products are shipped or digital products have been redeemed and collection is reasonably assured.

The Company earns management fee revenue for the services it provides to another eSports organization. Revenue is recognized once services are provided and collection is reasonably assured.

Financial instruments - Initial measurement

A financial asset or financial liability is initially measured at fair value plus for items not at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), transaction costs directly attributable to its acquisition on issue.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial assets - Classification and subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions (and is not designated as at fair value through profit or loss ("FVTPL")):

1. It is held with the objective to hold the asset and to collect contractual cash flows
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets not measured at amortized cost as described above are measured at FVTPL. The Company classifies its cash, accounts receivable and due from shareholder as measured at amortized cost.

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company classifies accounts payable and accrued liabilities at measured at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the interim statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Impairment

The Company recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

With respect to cash, and accounts receivable, the Company measures the loss allowances at a 12-month ECL as the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Cash

Cash consists of cash on deposit. Amounts are carried at amortized cost.

Accounts receivable

Accounts receivable is the amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivable is recognized initially at fair value and measured subsequently at amortized cost.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Income taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Monetary items denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at each financial position reporting date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in comprehensive income.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Critical judgement and estimates

The preparation of these combined interim financial statements in accordance with 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 combined interim statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Key areas where management has made estimates include revenue recognition. Actual results could differ from those estimates.

Provisions

The Company recognizes a provision, if as a result of a prior event, the Company has a current obligation requiring the outflow of resources to settle. Provisions are recorded at management's best estimate of the most probable outcome of any future settlement.

3. KEY MANAGEMENT COMPENSATION

There was no key management compensation during the period (March 31, 2018 - \$Nil).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	December 31, 2018
Accounts payable	\$ 625,928	\$ 439,385
Accrued liabilities and accrued liabilities	<u>180,736</u>	<u>222,024</u>
	<u>\$ 806,664</u>	<u>\$ 661,409</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the combined statement of financial position based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that there are no financial assets carried at fair value which are classified as Level 1.

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Fair value (Continued...)

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not exposed to significant market price risk.

ii) Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at March 31, 2019, the amount of \$127,566 (December 31, 2018 - \$869,764) was held in deposits with financial institutions.

March 31, 2019

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Financial assets				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>420,299</u>	\$ <u>420,299</u>
Financial liabilities				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>806,664</u>	\$ <u>806,664</u>

December 31, 2018

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Financial assets				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,044,305</u>	\$ <u>1,044,305</u>
Financial liabilities				
At amortized cost	\$ <u> -</u>	\$ <u> -</u>	\$ <u>661,409</u>	\$ <u>661,409</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Fair value (Continued...)

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event. The Company does use derivative financial instruments to hedge these risks.

The following table provides a summary of financial assets and liabilities denominated in U.S. Dollars as at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Cash	\$ 95,462	\$ 637,583
Accounts receivable	134,250	127,944
Accounts payable	<u>(446,898)</u>	<u>(444,698)</u>
	<u>\$ (217,186)</u>	<u>\$ 320,829</u>

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at March 31, 2019. The Company expects that all financial assets and liabilities will mature within the year.

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

6. CAPITAL MANAGEMENT

The capital of the Company consists of shareholders' equity (deficiency). The Company's objectives when managing its capital are to create growth in shareholders' equity, to safeguard the Company's ability to continue its operations as a going concern, to allow the Company to respond to changes in economic and/or marketplace conditions and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

To reach its objectives, the Company will balance its overall capital structure through the issuance of debt and share capital, the payment of dividends and by undertaking other activities as deemed appropriate under specific circumstances.

Apart from the above noted requirements the Company is not subject to any externally imposed capital requirements. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at March 31, 2019.

7. RECONCILIATION OF ACCOUNTING INCOME TO NET INCOME FOR INCOME TAX PURPOSES

	March 31, 2019	March 31, 2018
Comprehensive income (loss) before taxes per combined financial statements	\$ (570,207)	\$ 897,842
Add items for income tax purposes:		
Non-deductible meals and entertainment	11,019	213
Unrealized foreign exchange loss	<u>67,998</u>	<u>7,524</u>
Income for income tax purposes	\$ <u>(491,190)</u>	\$ <u>905,579</u>
Provision for (recovery of) income taxes	\$ <u>(130,165)</u>	\$ <u>174,978</u>
Effective rate of current taxes	<u>26.5%</u>	<u>19.3%</u>

LUMINOSITY GAMING

NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

Amounts expressed in Canadian Dollars
(UNAUDITED)

8. CAPITAL STOCK

			March 31, 2019	December 31, 2018
Authorized				
	Unlimited	Class A common shares		
	Unlimited	Class B common non-voting shares		
	Unlimited	Preferred shares, non-voting non-participating		
Issued				
	100	Class A common shares	\$ <u>10</u>	\$ <u>10</u>

APPENDIX 12
LUMINOSITY GAMING INC. MANAGEMENT DISCUSSION AND ANALYSIS

**Management Discussion And Analysis For The Fiscal Year
Ended December 31, 2018, 2017 and 2016**

and

**Management Discussion And Analysis For The Three Months
Ended March 31, 2019**



LUMINOSITY GAMING

Management's Discussion and Analysis

of the

Financial Condition and Results of Operations for the Years Ended
December 31, 2018, 2017, and 2016



The following Management's Discussion and Analysis ("MD&A") comments on the combined audited financial condition and results of operations of Luminosity Gaming for the years ended December 31, 2018, 2017, and 2016. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with Luminosity Gaming's audited combined financial statements for the years ended December 31, 2018, 2017, and 2016 (the "Financial Statements").

Unless the context otherwise requires, all references to "Luminosity", "Luminosity Gaming", "Corporation", "Company", "our", "us", and "we" refers to the combined entities of Luminosity Gaming Inc. and Luminosity Gaming (USA), LLC, as further described in Overview And About Luminosity Gaming.

This MD&A is dated July 11, 2019. All amounts are presented in Canadian dollars, unless otherwise noted.

Advisory Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to identify and acquire assets in the esports space which are considered financially viable; the Company's expectations regarding the growth and monetization of the esports industry; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Aquilini GameCo Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.



OVERVIEW AND ABOUT LUMINOSITY GAMING

The combined financial statements and this combined MD&A of Luminosity Gaming consist of the following entities jointly referred to as the "Company", "Luminosity", or "Luminosity Gaming":

Luminosity Gaming Inc. ("Luminosity Canada") was incorporated under the laws of the Province of Ontario on October 15, 2015. Luminosity Canada is a professional eSports gaming company that operates various professional gaming teams competing under the Luminosity team name. The registered office of Luminosity Canada is 1222 Tourmaline Court, Mississauga, Ontario, Canada, L5H 4M2.

Luminosity Gaming (USA) LLC ("Luminosity USA") was formed as a Limited Liability Company under the laws of the State of California on February 27, 2017. Luminosity USA operates in the same industry as Luminosity Canada. The registered office of Luminosity USA is located at 388 Market Street, Suite 1300, San Francisco, California, USA, 94111.

Luminosity is a globally recognized eSports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an eSports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game *Overwatch*.

On February 14, 2019, the Company, Stephen Maida (founder and sole shareholder of the Company), and Aquilini GameCo Inc. ("GameCo") entered into a share purchase agreement (the "SPA"), pursuant to which GameCo agreed to acquire the Company in exchange for: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the GameCo, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000. The Company expects to complete the sale of the Company in the third quarter of 2019 (the "Acquisition").

On closing of the Acquisition, it is expected that the business of GameCo will be the operation of an esports organization which will provide management and support services to players involved in professional gaming through its wholly-owned subsidiary Luminosity. In addition, Luminosity intends to enter into a long-term management services agreement with the Vancouver Titans to continue management of the team, as well as a long-term services support agreement with Vancouver Arena Limited Partnership ("VALP") pursuant to which VALP will provide Luminosity with a broad range of marketing and business support services, including corporate partnership and selling support, retail support, brand association and marketing support (to be provided by Canucks Sports & Entertainment), esports planning and execution, digital and social media support and back office support.

In May 2019 GameCo entered into an amalgamation agreement with J55 Capital Corp. ("J55"), pursuant to which J55 will acquire all of the outstanding securities of GameCo (the "Amalgamation"). The Amalgamation shall constitute J55's Qualifying Transaction. Immediately prior to the closing of the Amalgamation, GameCo will complete the Luminosity acquisition in accordance with the terms of the SPA.

On May 30, 2019, GameCo and J55 entered into an arrangement agreement (the "Arrangement") with Enthusiast Gaming Holdings Inc. (TSXV: EGLX) ("Enthusiast Gaming"), an arm's length company listed on the TSX Venture Exchange ("TSXV"). Founded in 2014, Enthusiast Gaming is the largest vertically integrated video game company and has the fastest-growing online community of video gamers. Through Enthusiast Gaming's organic and acquisition strategy, it has amassed a platform of over 150 million monthly visitors across its network of websites and YouTube channels. Enthusiast Gaming also owns and operates Canada's largest gaming expo, Enthusiast Gaming Live Expo, EGLX, with approximately 55,000 people attending in 2018. For more information on Enthusiast Gaming, refer to Enthusiast Gaming's profile at www.sedar.com.

In addition to shareholder approvals, the Arrangement will be subject to the completion of J55's Qualifying Transaction



and the Luminosity Acquisition and the satisfaction of other customary conditions. The Arrangement Agreement includes customary provisions, including covenants from Enthusiast Gaming to J55 not to solicit other acquisition proposals and the right for J55 to match any superior proposals. A termination fee of \$4,500,000 may be payable by Enthusiast Gaming to J55 in certain circumstances.

Under the terms of the Arrangement, Enthusiast Gaming shareholders will exchange each of their Enthusiast Common Shares for 4.22 J55 Shares. Following the completion of the Arrangement, J55 will change its name to “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSXV while the Enthusiast Common Shares will be delisted from the TSXV.

The Amalgamation is expected to be completed immediately before the Arrangement. The combined company that will result from the completion of the transactions (the “Resulting Issuer”) will be renamed “Enthusiast Gaming Holdings Inc.” Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV, under the symbol “EGLX”, and the business of the Resulting Issuer will be the combined businesses of GameCo, Luminosity and Enthusiast Gaming. Luminosity will be a wholly-owned subsidiary of GameCo, and GameCo will be a wholly-owned subsidiary of the Resulting Issuer.

OPERATIONS AND OPERATIONAL HIGHLIGHTS

Luminosity Gaming is a professional sports organization based in Toronto, Canada. It currently has teams competing in Fortnite, Apex Legends, Call of Duty, Counter-Strike: Global Offensive, Smite, Tom Clancy's Rainbow Six: Siege, and Madden NFL. It also has teams of content creators, and manages the Vancouver Titans of the Overwatch League.

Luminosity’s teams compete globally and Luminosity positions itself as a significant contender at the highest level of competition in all games it fields teams.

Historic operational highlights include:

Select aggregate watch time of Luminosity players in the last 365 days as of February 8, 2019:

Game	Hours Watched (in millions of hours)
Fortnite	1,500
CS:GO	363
Madden 19	7.9
Call of Duty – Black Ops 4	157
Smite	22



Select prize earnings from January 1, 2016, to date:

Year	Event	Game	Place	Prize (USD)
2019	CWL 2019 Fort Worth	COD: Black Ops 4	1	\$125,000
2018	2018 CWL Pro League Stage 1	COD: WWII	3	\$92,500
2018	2018 CWL Birmingham Open	COD: WWII	1	\$80,000
2018	CWL Championship 2018	COD: WWII	5-6	\$55,000
2018	CWL New Orleans Open 2018	COD: WWII	2	\$48,000
2018	Fortnite Summer Skirmish Series - Week 4 NA	Fortnite	3	\$45,000
2018	Esports Championship Series Season 5 - Finals	CS:GO	7-8	\$35,000
2018	CWL Atlanta Open 2018	COD: WWII	3	\$32,000
2018	2018 CWL Anaheim Open	COD: WWII	3	\$32,000
2017	CWL 2017 - Global Pro League Stage 1	COD: Infinite Warfare	2	\$132,500
2017	CWL Championship 2017	COD: Infinite Warfare	3	\$100,000
2017	Gamescom PUBG Invitational (Squad TP)	PUBG	1	\$80,000
2017	CWL 2017 - Anaheim Open	COD: Infinite Warfare	1	\$80,000
2017	Madden Championship 2017	Madden NFL 2017	2	\$70,000
2017	Smite World Championship 2017	Smite	3-4	\$60,000
2017	CWL 2017 - Global Pro League Stage 2	COD: Infinite Warfare	4	\$52,500
2017	Madden Bowl Live Finals	Madden NFL 2017	2	\$45,000
2017	ESL Pro League Season 6 Finals	CS:GO	7-8	\$40,000
2017	2017 HCT - Winter Championship	Hearthstone	2	\$40,000
2017	H1Z1 Elite Series - Atlanta (Team Event)	H1Z1	2	\$35,000
2017	Esports Championship Series Season 4 - Finals	CS:GO	7-8	\$35,000
2017	Halo World Championship 2017	Halo 5: Guardians	5-6	\$35,000
2017	H1Z1: Fight for the Crown	H1Z1	3	\$30,000
2017	Trinity Series Season 1	Hearthstone	2	\$30,000
2016	MLG Major Championship: Columbus 2016	CS:GO	1	\$500,000
2016	ESL Pro League S3 Finals	CS:GO	1	\$200,000
2016	Esports Championship Series Season 1 - Finals	CS:GO	2	\$125,000
2016	DreamHack Austin 2016 (CS:GO)	CS:GO	1	\$50,000
2016	IEM X - World Championship (CS:GO)	CS:GO	2	\$44,000
2016	Call of Duty XP Championship 2016	COD: Infinite Warfare	9-12	\$30,000
2016	ELEAGUE Season 1	CS:GO	15-24	\$30,000

MARKET TRENDS AND BUSINESS STRATEGY

Esports, or electronic sports, is the evolution of video gaming. Esports typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues,



tournaments or other competitions and matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships. According to the Global eSports Market Report by Newzoo, the esports industry is expected to continue to grow, and, further, is one of the fastest growing entertainment categories globally with revenues expected to surpass US\$1.6B in 2021.

Luminosity expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising. The esports industry's main audience has been the demographic cohort known as "Millenials" or "Generation Y". As such, Luminosity generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

The Company, aside from its players, has a significant social following comprised almost exclusively of Millenials. The Company maintains the following social channels (figures as of June 2019):

Platform	Account	Followers / Subscribers
Twitter	@Luminosity	341,000
YouTube	@Luminosity Gaming	257,000
Facebook	@LGLOYAL	171,000

The Company also maintains a "team" page on Twitch, consisting of 41 team members as of June 2019. Team pages on Twitch do not have followers or subscribers.

OVERALL PERFORMANCE

Summary of Financial and Operating Results

For the Years Ended December 31, 2018, 2017, and 2016

Selected financial information for the Company for the indicated year is provided below:

	2018	2017	2016
	\$	\$	\$
Revenue	3,847,127	2,647,491	3,336,340
Cost of sales	3,081,916	2,247,785	2,039,101
Gross profit	765,211	399,706	1,297,239
Interest income	Nil	Nil	Nil
Operating expenses	723,461	409,662	193,459
Net income (loss) for the year	184,888	(23,161)	846,206
Net income (loss) per share – basic and diluted	1,849	(232)	8,462



Revenue for the years ended December 31, 2018, 2017, and 2016 was \$3,847,127, \$2,647,491, and \$3,336,340 respectively. The table below provides a breakdown of revenue by year:

	2018	2017	2016
	\$	\$	\$
Streaming revenue (a)	2,320,503	600,906	331,617
Sponsorship revenue (b)	200,628	354,813	856,761
Prize revenue (c)	641,456	1,153,784	936,088
League fees (d)	517,731	37,884	Nil
Merchandise sales (e)	14,589	59,505	228,659
Buyout revenue (f)	152,220	440,599	983,215
Total revenue	3,847,127	2,647,491	3,336,340

- (a) The Company receives streaming revenue based on the numbers of viewers and amount of time spent watching its players. A sharp increase in the audience base of the Company's players resulted in significant increases in streaming revenue year-over-year from 2016 through 2018. The contract from which the streaming revenue is generated expired in Q1 2019 and is currently being renegotiated by the Company.
- (b) Sponsorship revenue is derived from the Company providing brand and product exposure to its audience for customers. Examples of sponsorship revenue can include social media posts about products, third party logos being shown on team jerseys, or product use by players in videos or livestreams. The CS:GO team's victory at the MLG Major Championship in Columbus in 2016 resulted in significantly increased sponsorship revenue for that year. Management believes that a lack of sales staff resulted in the Company being unable to maintain similar sponsorship revenues in 2017 and 2018. The Company hired an SVP and a VP to oversee these processes in 2019.
- (c) Prize revenue has decreased in 2018 as compared to earlier years due to a more competitive landscape in the various games which the Company fields teams. The Company's teams did not win any prizes in excess of USD\$100,000 in 2018, as compared to multiple prizes greater than USD\$100,000 won in each of 2017 and 2016. In addition, the market rates for top tier talent have increased significantly and the Company did not have the available funds to acquire or maintain certain desirable players which had an impact on its ability to win notable events and leagues. The Company believes its acquisition by GameCo will provide it with the infrastructure and financial ability to maintain and increase its prize revenue.
- (d) League fees have increased substantially in 2018 as compared to 2017. There were no league fees in 2016. As the esports market continues to mature, an increased number of formalized leagues are being formed, which results in the Company's ability to generate league fees in return for its teams participation in these leagues.
- (e) Merchandise sales are conducted over the internet and include jerseys and other team merchandise. The CS:GO team's victory at the MLG Major Championship in Columbus in 2016 resulted in a significant increase in sales of the Company's merchandise. Management believes that the lack of a victory at a major event such as an MLG Major has resulted in a decrease in merchandise sales.
- (f) Buyout revenue is earned through the sale or leasing of players or teams to third parties. The Company sold a prominent team in 2016, which accounted for the majority of that year's buyout revenue. In 2018 the Company was attempting to grow its team and player base, therefore conducted fewer "buyout" transactions, resulting in a lower amount of buyout revenue.



Operating expenses for the years ended December 31, 2018, 2017, and 2016 were \$723,461, \$409,662, and \$193,459 respectively. The table below provides a breakdown of operating expenses by year:

	2018	2017	2016
	\$	\$	\$
Travel and meals (a)	239,435	274,543	151,466
Professional fees (b)	250,252	36,991	Nil
Team and game expenses (c)	159,050	37,895	3,735
Office and general (d)	74,724	60,233	38,258
Total operating expenses	723,461	409,662	193,459

Notes:

- (a) The Company incurs travel and meals expenses due to a need for players and management to travel globally for various tournaments and league play. An increase in league play in 2018 as compared to 2017 resulted in a decrease in travel in meals expenses of \$35,108, as certain leagues cover these expenses for players. An increase in the amount of tournaments and players in 2017 as compared to 2016 resulted in an increase in travel and meals expenses of \$123,077.
- (b) The negotiation, due diligence, and preparation for the Acquisition resulted in an increase in professional fees of \$213,261 in 2018 as compared to 2017. The Company did not incur professional fees in 2016.
- (c) Team and game expenses are costs which relate to the establishment and upkeep of teams, such as uniforms housing, or training, or costs relating to participation in non-revenue generating events or games, such as esports bootcamps. An increase in these activities resulted in an increase in team and game expenses of \$121,155 in 2018 as compared to 2017, and \$34,160 in 2017 as compared to 2016.
- (d) The breakdown of office and general by year is as follows:

	2018	2017	2016
	\$	\$	\$
Marketing	2,933	3,867	3,086
Utilities	7,938	Nil	Nil
Bank charges	6,477	17,233	6,258
Insurance	820	571	827
Office expenses	46,580	38,562	24,774
Supplies	9,976	Nil	Nil
Donations	Nil	Nil	3,313
Office and general	74,724	60,233	38,258

The net income (loss) per share by year was as follows: 2018 - \$1,849, 2017 - \$(232), 2016 - \$8,462.

QUARTERLY RESULTS OF OPERATIONS

As of December 31, 2018, Luminosity Gaming was not a reporting entity and did not prepare quarterly results. As such, quarterly data is not available.



FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow for the Years Ended December 31, 2018, 2017, and 2016

Net cash generated from operating activities by year was as follows: 2018 - \$555,908, 2017 - \$751,911, and 2016 - \$477,061. The net cash generated from operating activities in 2018 was attributable to the net income for the year of \$184,888, which was increased by a decrease in accounts receivable of \$204,891, an increase in accounts payable and accrued liabilities of \$148,953, and an increase in income taxes payable of \$17,176. The net cash generated from operating activities in 2017 was attributable to a decrease in accounts receivable of \$348,624, an increase in accounts payable and accrued liabilities of \$413,458, and an increase in income taxes payable of \$12,990, which collectively were slightly offset by the net loss for the year of \$23,161. The net cash generated from operating activities in 2016 was attributable to the net income for the year of \$846,206, an increase in accounts payable and accrued liabilities of \$98,997, and an increase in income taxes payable of \$259,913, which collectively were offset by an increase in accounts receivable of \$728,055.

Net cash used in financing activities by year was: 2018 - \$383,588, 2017 - \$170,116, and 2016 - \$361,412. The Company has historically provided dividends to its shareholder, which by year were: 2018 - \$485,714, 2017 - \$181,000, and 2016 - \$260,000. In addition, the Company had the following decreases (increases) in the amounts due from shareholder by year: 2018 - \$102,126, 2017 - \$10,884, 2016 - \$101,412.

The Company did not engage in any investing activities in 2018, 2017, or 2016.

For the years ended December 31, 2018, 2017, and 2016, the Company had net increases in cash of \$172,320, \$581,795, and \$115,649, respectively. As a result, the Company had cash balance as at December 31 as follows: 2018 - \$869,674, 2017 - \$697,444, and 2016 - \$115,649.

Liquidity

Since its inception the Company has relied on revenues to fund its operations. The Company has never engaged in capital raising activities.

Selected financial information about the Company's financial position as at the indicated dates is provided below:

	December 31, 2018	December 31, 2017	December 31, 2016
	\$	\$	\$
Cash	869,764	697,444	115,649
Total assets	1,044,305	1,179,002	956,714
Total liabilities	962,869	796,740	370,291
Capital stock	10	10	10
Retained earnings	81,426	382,252	586,413
Working capital	81,436	382,262	586,423

Total liabilities at each reporting date is broken down as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
	\$	\$	\$
Accounts payable and accrued liabilities	661,409	512,456	98,997
Income taxes payable	301,460	284,284	271,294
Total liabilities	962,869	796,740	370,291



Commitments

A breakdown of the Company's liabilities and obligations as at December 31, 2018, is as follows:

Liabilities and obligations	Payments due by period (\$)				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	661,409	661,409	-	-	-
Income taxes payable	301,460	301,460	-	-	-
	962,869	962,869	-	-	-

The Company entered into a commitment for the sale of 100% of the Company's issued and outstanding shares and membership interests subsequent to December 31, 2018. See *Subsequent Events*.

Management of Capital

The capital of the Company consists of shareholders' equity. The Company's objectives when managing its capital are to create growth in shareholders' equity, to safeguard the Company's ability to continue its operations as a going concern, to allow the Company to respond to changes in economic and/or marketplace conditions and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

To reach its objectives, the Company will balance its overall capital structure through the issuance of debt and share capital, the payment of dividends and by undertaking other activities as deemed appropriate under specific circumstances.

Apart from the above noted requirements the Company is not subject to any externally imposed capital requirements. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at December 31, 2018, 2017 and 2016.

Capital Transactions

The Company is authorized to issue unlimited Class A common shares, unlimited Class B common non-voting shares, and unlimited non-voting and non-participating Preferred shares.

There were no capital transactions for the Company in 2018, 2017, or 2016.

Disclosure of Outstanding Share Data

The Company has 100 issued and outstanding Class A common shares as at December 31, 2018 and as of the date of this MD&A. The Company has no dilutive instruments outstanding.

RELATED PARTY TRANSACTIONS

Amounts due from shareholder as at December 31, 2018, are \$Nil (2017 - \$102,126, 2016 - \$113,010). Amounts due from shareholder are unsecured, bear no interest, and are due on demand.

There was no compensation to the director or key management of the Company for the years ended December 31, 2018, 2017, and 2016. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

**SUBSEQUENT EVENTS**

Subsequent to the year-end, the Company entered into a purchase and sale transaction with Aquilini GameCo Inc., whereby Acquilini will acquire 100% of the Company's issued and outstanding shares and membership interests for the following consideration:

- i) \$1,500,000 in cash, payable on the closing date;
- ii) 60,000,000 common shares in the capital of the Company, issuable on the closing date subject to escrow conditions; and
- iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000.

OFF-BALANCE SHEET ARRANGEMENTS

The company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

INVESTOR RELATIONS

Investor relations were performed by the Company for the year ended December 31, 2018.

SEGMENTED INFORMATION

The Company operates in one operating segment. Management assesses performance and makes decisions about allocating resources based on this one business segment. All of the Company's assets are located in Canada.

ADOPTION OF NEW OR AMENDED STANDARDS

The Company adopted IFRS 9 effective January 1, 2018. The adoption has the following impact:

Financial instruments - Initial measurement

A financial asset or financial liability is initially measured at fair value plus for items not at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), transaction costs directly attributable to its acquisition on issue.

Financial assets - Classification and subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions (and is not designated as at fair value through profit or loss ("FVTPL")):

1. It is held with the objective to hold the asset and to collect contractual cash flows; and
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets not measured at amortized cost as described above are measured at FVTPL. The Company classifies its cash, accounts receivable and due from shareholder as measured at amortized cost.

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial



liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company classifies accounts payable and accrued liabilities at measured at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

With respect to cash, accounts receivable and due from shareholder, the Company measures the loss allowances at a 12-month ECL as the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Transition

Except for changes in classification described below, there were no significant changes as a result of the transition to IFRS 9.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Refer to the table below for the impact on classification of adopting IFRS 9.

	IAS 39	IFRS 9
Accounts receivable	Loans and receivables	Amortized cost
Cash	Amortized cost	Amortized cost
Due from shareholders	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

**IFRS 15 – Revenue from contracts with customers**

On January 1, 2018, the Company adopted IFRS 15. Under this standard, the Company applies a five step model to account for revenue from contracts with customers, with a focus on recognizing revenue as goods and services are transferred. This standard did not have a material impact on the Company's combined financial statements.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED**IFRS 16, "Leases" ("IFRS 16")**

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applied a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019.

The Companies do not have any lease agreements during any of the reporting periods. The adoption of this standard is not expected to have a material impact on the Companies' combined financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Fair value**

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the combined statement of financial position based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that there are no financial assets carried at fair value which are classified as Level 1.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due from shareholder. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.



i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not exposed to significant market price risk.

ii) Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2018, 2017 and 2016 the amount of \$869,764 (2017 - \$697,444, 2016 - \$115,649) was held in deposits with financial institutions.

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
<u>2018</u>				
Financial assets				
At amortized cost	Nil	Nil	\$1,044,305	\$1,044,305
Financial liabilities				
At amortized cost	Nil	Nil	\$661,409	\$661,409
<u>2017</u>				
Financial assets				
At amortized cost	Nil	Nil	\$1,179,002	\$1,179,002
Financial liabilities				
At amortized cost	Nil	Nil	\$512,456	\$512,456
<u>2016</u>				
Financial assets				
At amortized cost	Nil	Nil	\$956,714	\$956,714
Financial liabilities				
At amortized cost	Nil	Nil	\$98,997	\$98,997

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event. The Company does use derivative financial instruments to hedge these risks.



The following table provides a summary of financial assets and liabilities denominated in U.S. Dollars as at December 31, 2018, 2017 and 2016.

	December 31, 2018	December 31, 2017	December 31, 2016
	\$	\$	\$
Cash	637,583	555,926	86,010
Accounts receivable	127,944	297,104	564,953
Accounts payable	(444,698)	(408,493)	(73,730)
	320,829	444,537	577,233

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at December 31, 2018, 2017 and 2016. The Company expects that all financial assets and liabilities will mature within the year.

Other Risks and Uncertainty

Investors should carefully consider the risks and uncertainties described above and in the financial statements. The risks and uncertainties described in the Company's financial statements and MD&A are not the only ones it faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect its business.

ADDITIONAL INFORMATION:

Additional information relating to the Company is available in the audited financial statements for the years ended December 31, 2018, 2017, and 2016. Additional information can also be found at www.luminosity.gg. Additional information relating to J55 and Enthusiast Gaming is available on those companies' respective SEDAR profiles at www.sedar.com.



LUMINOSITY GAMING

Management's Discussion and Analysis

of the

Financial Condition and Results of Operations for the Three Months Ended March 31, 2019



The following Management's Discussion and Analysis ("MD&A") comments on the combined unaudited financial condition and results of operations of Luminosity Gaming for the three months ended March 31, 2019. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with Luminosity Gaming's combined unaudited financial statements for the three months ended March 31, 2019, and its audited combined financial statements for the years ended December 31, 2018 and 2017 (the "Financial Statements").

Unless the context otherwise requires, all references to "Luminosity", "Luminosity Gaming", "Corporation", "Company", "our", "us", and "we" refers to the combined entities of Luminosity Gaming Inc. and Luminosity Gaming (USA), LLC, as further described in Overview And About Luminosity Gaming.

This MD&A is dated July 11, 2019. All amounts are presented in Canadian dollars, unless otherwise noted.

Advisory Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to identify and acquire assets in the esports space which are considered financially viable; the Company's expectations regarding the growth and monetization of the esports industry; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Aquilini GameCo Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.



OVERVIEW AND ABOUT LUMINOSITY GAMING

The combined financial statements and this combined MD&A of Luminosity Gaming consist of the following entities jointly referred to as the "Company", "Luminosity", or "Luminosity Gaming":

Luminosity Gaming Inc. ("Luminosity Canada") was incorporated under the laws of the Province of Ontario on October 15, 2015. Luminosity Canada is a professional eSports gaming company that operates various professional gaming teams competing under the Luminosity team name. The registered office of Luminosity Canada is 1222 Tourmaline Court, Mississauga, Ontario, Canada, L5H 4M2.

Luminosity Gaming (USA) LLC ("Luminosity USA") was formed as a Limited Liability Company under the laws of the State of California on February 27, 2017. Luminosity USA operates in the same industry as Luminosity Canada. The registered office of Luminosity USA is located at 388 Market Street, Suite 1300, San Francisco, California, USA, 94111.

Luminosity is a globally recognized eSports organization operating in North America and based in Toronto, Canada. Luminosity provides management and support services to players involved in professional gaming. Luminosity also manages and provides support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League, an eSports competition with 20 teams across six countries and three continents, all centered on the popular first-person shooter game *Overwatch*.

On February 14, 2019, the Company, Stephen Maida (founder and sole shareholder of the Company), and Aquilini GameCo Inc. ("GameCo") entered into a share purchase agreement (the "SPA"), pursuant to which GameCo agreed to acquire the Company in exchange for: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the GameCo, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000. The Company expects to complete the sale of the Company in the third quarter of 2019 (the "Acquisition").

On closing of the Acquisition, it is expected that the business of GameCo will be the operation of an esports organization which will provide management and support services to players involved in professional gaming through its wholly-owned subsidiary Luminosity. In addition, Luminosity intends to enter into a long-term management services agreement with the Vancouver Titans to continue management of the team, as well as a long-term services support agreement with Vancouver Arena Limited Partnership ("VALP") pursuant to which VALP will provide Luminosity with a broad range of marketing and business support services, including corporate partnership and selling support, retail support, brand association and marketing support (to be provided by Canucks Sports & Entertainment), esports planning and execution, digital and social media support and back office support.

In May 2019 GameCo entered into an amalgamation agreement with J55 Capital Corp. ("J55"), pursuant to which J55 will acquire all of the outstanding securities of GameCo (the "Amalgamation"). The Amalgamation shall constitute J55's Qualifying Transaction. Immediately prior to the closing of the Amalgamation, GameCo will complete the Luminosity acquisition in accordance with the terms of the SPA.

On May 30, 2019, GameCo and J55 entered into an arrangement agreement (the "Arrangement") with Enthusiast Gaming Holdings Inc. (TSXV: EGLX) ("Enthusiast Gaming"), an arm's length company listed on the TSX Venture Exchange ("TSXV"). Founded in 2014, Enthusiast Gaming is the largest vertically integrated video game company and has the fastest-growing online community of video gamers. Through Enthusiast Gaming's organic and acquisition strategy, it has amassed a platform of over 150 million monthly visitors across its network of websites and YouTube channels. Enthusiast Gaming also owns and operates Canada's largest gaming expo, Enthusiast Gaming Live Expo, EGLX, with approximately 55,000 people attending in 2018. For more information on Enthusiast Gaming, refer to Enthusiast Gaming's profile at www.sedar.com.

In addition to shareholder approvals, the Arrangement will be subject to the completion of J55's Qualifying Transaction



and the Luminosity Acquisition and the satisfaction of other customary conditions. The Arrangement Agreement includes customary provisions, including covenants from Enthusiast Gaming to J55 not to solicit other acquisition proposals and the right for J55 to match any superior proposals. A termination fee of \$4,500,000 may be payable by Enthusiast Gaming to J55 in certain circumstances.

Under the terms of the Arrangement, Enthusiast Gaming shareholders will exchange each of their Enthusiast Common Shares for 4.22 J55 Shares. Following the completion of the Arrangement, J55 will change its name to “Enthusiast Gaming Holdings Inc.” and will maintain its listing on the TSXV while the Enthusiast Common Shares will be delisted from the TSXV.

The Amalgamation is expected to be completed immediately before the Arrangement. The combined company that will result from the completion of the transactions (the “Resulting Issuer”) will be renamed “Enthusiast Gaming Holdings Inc.” Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV, under the symbol “EGLX”, and the business of the Resulting Issuer will be the combined businesses of GameCo, Luminosity and Enthusiast Gaming. Luminosity will be a wholly-owned subsidiary of GameCo, and GameCo will be a wholly-owned subsidiary of the Resulting Issuer.

OPERATIONS AND OPERATIONAL HIGHLIGHTS

Luminosity Gaming is a professional sports organization based in Toronto, Canada. It currently has teams competing in Fortnite, Apex Legends, Call of Duty, Counter-Strike: Global Offensive, Smite, Tom Clancy's Rainbow Six: Siege, and Madden NFL. It also has teams of content creators, and manages the Vancouver Titans of the Overwatch League.

Luminosity’s teams compete globally and Luminosity positions itself as a significant contender at the highest level of competition in all games it fields teams.

Historic operational highlights include:

Select aggregate watch time of Luminosity players in the last 365 days as of February 8, 2019:

Game	Hours Watched (in millions of hours)
Fortnite	1,500
CS:GO	363
Madden 19	7.9
Call of Duty – Black Ops 4	157
Smite	22



Select prize earnings from January 1, 2016, to date:

Year	Event	Game	Place	Prize (USD)
2019	CWL 2019 Fort Worth	COD: Black Ops 4	1	\$125,000
2018	2018 CWL Pro League Stage 1	COD: WWII	3	\$92,500
2018	2018 CWL Birmingham Open	COD: WWII	1	\$80,000
2018	CWL Championship 2018	COD: WWII	5-6	\$55,000
2018	CWL New Orleans Open 2018	COD: WWII	2	\$48,000
2018	Fortnite Summer Skirmish Series - Week 4 NA	Fortnite	3	\$45,000
2018	Esports Championship Series Season 5 - Finals	CS:GO	7-8	\$35,000
2018	CWL Atlanta Open 2018	COD: WWII	3	\$32,000
2018	2018 CWL Anaheim Open	COD: WWII	3	\$32,000
2017	CWL 2017 - Global Pro League Stage 1	COD: Infinite Warfare	2	\$132,500
2017	CWL Championship 2017	COD: Infinite Warfare	3	\$100,000
2017	Gamescom PUBG Invitational (Squad TP)	PUBG	1	\$80,000
2017	CWL 2017 - Anaheim Open	COD: Infinite Warfare	1	\$80,000
2017	Madden Championship 2017	Madden NFL 2017	2	\$70,000
2017	Smite World Championship 2017	Smite	3-4	\$60,000
2017	CWL 2017 - Global Pro League Stage 2	COD: Infinite Warfare	4	\$52,500
2017	Madden Bowl Live Finals	Madden NFL 2017	2	\$45,000
2017	ESL Pro League Season 6 Finals	CS:GO	7-8	\$40,000
2017	2017 HCT - Winter Championship	Hearthstone	2	\$40,000
2017	H1Z1 Elite Series - Atlanta (Team Event)	H1Z1	2	\$35,000
2017	Esports Championship Series Season 4 - Finals	CS:GO	7-8	\$35,000
2017	Halo World Championship 2017	Halo 5: Guardians	5-6	\$35,000
2017	H1Z1: Fight for the Crown	H1Z1	3	\$30,000
2017	Trinity Series Season 1	Hearthstone	2	\$30,000
2016	MLG Major Championship: Columbus 2016	CS:GO	1	\$500,000
2016	ESL Pro League S3 Finals	CS:GO	1	\$200,000
2016	Esports Championship Series Season 1 - Finals	CS:GO	2	\$125,000
2016	DreamHack Austin 2016 (CS:GO)	CS:GO	1	\$50,000
2016	IEM X - World Championship (CS:GO)	CS:GO	2	\$44,000
2016	Call of Duty XP Championship 2016	COD: Infinite Warfare	9-12	\$30,000
2016	ELEAGUE Season 1	CS:GO	15-24	\$30,000

MARKET TRENDS AND BUSINESS STRATEGY

Esports, or electronic sports, is the evolution of video gaming. Esports typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues,



tournaments or other competitions and matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships. According to the Global eSports Market Report by Newzoo, the esports industry is expected to continue to grow, and, further, is one of the fastest growing entertainment categories globally with revenues expected to surpass US\$1.6B in 2021.

Luminosity expects to leverage its operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions as well as sponsorships pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising. The esports industry's main audience has been the demographic cohort known as "Millenials" or "Generation Y". As such, Luminosity generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

The Company, aside from its players, has a significant social following comprised almost exclusively of Millenials. The Company maintains the following social channels (figures as of June 2019):

Platform	Account	Followers / Subscribers
Twitter	@Luminosity	341,000
YouTube	@Luminosity Gaming	257,000
Facebook	@LGLOYAL	171,000

The Company also maintains a "team" page on Twitch, consisting of 41 team members as of June 2019. Team pages on Twitch do not have followers or subscribers.

OVERALL PERFORMANCE

Summary of Financial and Operating Results

For the Three Months Ended March 31, 2019 and 2018

Selected financial information for the Company for the indicated year is provided below:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	\$	\$
Revenue	426,868	1,428,354
Cost of sales	759,632	495,201
Gross profit	(332,764)	933,153
Interest income	Nil	Nil
Operating expenses	218,729	47,775
Net income (loss) for the year	(440,042)	722,864
Net income (loss) per share – basic and diluted	(4,400)	7,229



Revenue for the three months ended March 31, 2019 and 2018, was \$426,868 and \$1,428,354, respectively. The table below provides a breakdown of revenue by year:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	\$	\$
Prize revenue (a)	201,520	136,205
Management revenue (b)	113,334	Nil
Merchandise sales (c)	40,166	3,273
League fees (d)	38,517	119,082
Buyout revenue (e)	26,602	63,015
Sponsorship revenue (f)	6,729	Nil
Streaming revenue (g)	Nil	1,106,779
Total revenue	426,868	1,428,354

- (a) In Q1 2019 the Company's Call of Duty team placed first overall at CWL 2019 Fort Worth, resulting in a USD\$125,000 prize. This victory accounted for the increase in prize revenue for the three months ended March 31, 2019, as compared to the same period in 2018.
- (b) The Company was recently contracted to manage the Vancouver Titans of the Overwatch League, which resulted in management revenues of \$113,334 being recognized for the three months ended March 31, 2019.
- (c) Merchandise sales are conducted over the internet and include jerseys and other team merchandise. The introduction of new popular players and teams and the offering of additional product lines resulted in the increase in merchandise revenue for the three months ended March 31, 2019, as compared to the same period in 2018.
- (d) League fees are generated through the Company's teams participation in organized esports leagues. One league in which the Company was a participant was dissolved in 2018, which resulted in decreased league fee revenue being generated for the three months ended March 31, 2019, as compared to the same period in 2018.
- (e) Buyout revenue is earned through the sale or leasing of players or teams to third parties. During the three months ended March 31, 2019, the Company was attempting to grow its team and player base, therefore conducted fewer "buyout" transactions, resulting in a lower amount of buyout revenue as compared to the same period in 2018.
- (f) Sponsorship revenue is derived from the Company providing brand and product exposure to its audience for customers. Examples of sponsorship revenue can include social media posts about products, third party logos being shown on team jerseys, or product use by players in videos or livestreams. The Company ceased its sales process during its planning period for the Acquisition, resulting in no material sponsors for the period. The Company hired an SVP and a VP to oversee these processes in Q2 2019.
- (g) The Company has historically received streaming revenue based on the numbers of viewers and amount of time spent watching its players. The contract from which the streaming revenue was being generated expired in Q1 2019 and is currently being renegotiated by the Company.



Operating expenses for the three months ended March 31, 2019 and 2018 were \$218,729 and \$47,775 respectively. The table below provides a breakdown of operating expenses by period:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	\$	\$
Travel and meals (a)	126,861	2,692
Professional fees (b)	30,184	27,831
Team and game expenses (c)	38,300	14,206
Office and general (d)	23,384	3,046
Total operating expenses	218,729	47,775

Notes:

- (a) The Company incurs travel and meals expenses due to a need for players and management to travel globally for various tournaments and league play, as well as for the need for management to travel for corporate initiatives. During the three months ended March 31, 2019, management was focused on the negotiating and support of the Acquisition transactions, which resulted in an increase to travel and meals expenses. For information about the Acquisition see *Overview And About Luminosity Gaming*.
- (b) The negotiation, due diligence, and preparation for the Acquisition resulted in an increase in professional fees of \$2,353 for the three months ended March 31, 2019, as compared to the same period in 2018.
- (c) Team and game expenses are costs which relate to the establishment and upkeep of teams, such as uniforms housing, or training, or costs relating to participation in non-revenue generating events or games, such as esports bootcamps. An increase in these activities resulted in an increase in team and game expenses of \$24,094 for the three months ended March 31, 2019, as compared to the same period in 2018.
- (d) The breakdown of office and general by period is as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	\$	\$
Marketing	104	Nil
Utilities	2,577	Nil
Bank charges	952	2,266
Insurance	81	Nil
Office expenses	13,237	780
Supplies	6,433	Nil
Office and general	23,384	3,046

The net income (loss) per share for the three months ended March 31, 2019 was \$(4,400) (2018 - \$7,229).

QUARTERLY RESULTS OF OPERATIONS

As of March 31, 2019, Luminosity Gaming was not a reporting entity and did not prepare quarterly results. As such, quarterly data is not available.



FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow for the Three Months Ended March 31, 2019

Net cash used in operating activities for the three months ended March 31, 2019, was \$531,144 (March 31, 2018 – net cash generated of \$81,192). This was significantly due to the net loss of \$440,042, and was increased by an increase in accounts receivable of \$118,192, a decrease in income taxes payable of \$130,165, which collectively were offset by an increase in accounts payable and accrued liabilities of \$145,255. For the three months ended March 31, 2018, the Company had net income of \$722,864, an increase in accounts receivable of \$554,484 and income taxes payable of \$174,978, and a decrease in accounts payable of \$265,166.

Net cash used in financing activities for the three months ended March 31, 2019, was \$199,054 (March 31, 2018 - \$98,795). This was attributable to dividends paid to the shareholder of \$199,054 for the three months ended March 31, 2019, and an increase in shareholder loan of \$98,795 for the three months ended March 31, 2018.

The Company did not engage in any investing activities for the three months ended March 31, 2019 or 2018.

For the three months ended March 31, 2019 and 2018, the Company had net decreases of cash of \$742,198 and \$17,603, respectively. As a result, the Company had cash balance as at March 31, 2019 and 2018, of \$127,566 and \$679,841, respectively.

Liquidity

Since its inception the Company has relied on revenues to fund its operations. The Company has never engaged in capital raising activities.

Selected financial information about the Company's financial position as at the indicated dates is provided below:

	March 31, 2019	December 31, 2018
	\$	\$
Cash	127,566	869,764
Total assets	420,299	1,044,305
Total liabilities	977,959	962,869
Capital stock	10	10
Retained earnings (deficiency)	(557,670)	81,426
Working capital	(557,660)	81,436

Total liabilities at each reporting date is broken down as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Accounts payable and accrued liabilities	806,664	661,409
Income taxes payable	171,295	301,460
Total liabilities	977,959	962,869

Commitments

A breakdown of the Company's liabilities and obligations as at March 31, 2019, is as follows:



Liabilities and obligations	Payments due by period (\$)				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	806,664	806,664	-	-	-
Income taxes payable	171,295	171,295	-	-	-
	977,959	977,959	-	-	-

The Company entered into a commitment for the sale of 100% of the Company's issued and outstanding shares and membership interests during the three months ended March 31, 2019. See *Overview And About Luminosity Gaming*.

Management of Capital

The capital of the Company consists of shareholders' equity. The Company's objectives when managing its capital are to create growth in shareholders' equity, to safeguard the Company's ability to continue its operations as a going concern, to allow the Company to respond to changes in economic and/or marketplace conditions and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

To reach its objectives, the Company will balance its overall capital structure through the issuance of debt and share capital, the payment of dividends and by undertaking other activities as deemed appropriate under specific circumstances.

Apart from the above noted requirements the Company is not subject to any externally imposed capital requirements. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at March 31, 2019.

Capital Transactions

The Company is authorized to issue unlimited Class A common shares, unlimited Class B common non-voting shares, and unlimited non-voting and non-participating Preferred shares.

There were no capital transactions for the Company for the three months ended March 31, 2019 or 2018.

Disclosure of Outstanding Share Data

The Company has 100 issued and outstanding Class A common shares as at March 31, 2019 and as of the date of this MD&A. The Company has no dilutive instruments outstanding.

RELATED PARTY TRANSACTIONS

There were no related party transactions for the three months ended March 31, 2019 or 2018.

There was no compensation to the director or key management of the Company for the three months ended March 31, 2019 or 2018. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

SUBSEQUENT EVENTS

There were no material events subsequent to March 31, 2019. For information about the Acquisition and related developments see *Overview And About Luminosity Gaming*.

**OFF-BALANCE SHEET ARRANGEMENTS**

The company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

INVESTOR RELATIONS

Investor relations were performed by the Company for the three months ended March 31, 2019 and 2018.

SEGMENTED INFORMATION

The Company operates in one operating segment. Management assesses performance and makes decisions about allocating resources based on this one business segment. All of the Company's assets are located in Canada.

ADOPTION OF NEW OR AMENDED STANDARDS

The Company did not adopt any new standards or amendment to standards which had an effect on the Financial Statements in the three months ended March 31, 2019.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The Company is not aware of any proposed accounting standards or amendments that would have an effect on the Financial Statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Fair value**

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the combined statement of financial position based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that there are no financial assets carried at fair value which are classified as Level 1.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due from shareholder. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.



i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not exposed to significant market price risk.

ii) Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at March 31, 2019, the amount of \$127,566 (December 31, 2018 - \$869,764) was held in deposits with financial institutions.

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
<u>March 31, 2019</u>				
Financial assets				
At amortized cost	Nil	Nil	\$420,299	\$420,299
Financial liabilities				
At amortized cost	Nil	Nil	\$806,664	\$806,664
<u>December 31, 2018</u>				
Financial assets				
At amortized cost	Nil	Nil	\$1,044,305	\$1,044,305
Financial liabilities				
At amortized cost	Nil	Nil	\$661,409	\$661,409

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event. The Company does use derivative financial instruments to hedge these risks.



The following table provides a summary of financial assets and liabilities denominated in U.S. Dollars as at March 31, 2019, and December 31, 2018:

	March 31, 2019	December 31, 2018
	\$	\$
Cash	95,462	637,583
Accounts receivable	132,250	127,944
Accounts payable	(446,898)	(444,698)
	(217,186)	320,829

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at March 31, 2019. The Company expects that all financial assets and liabilities will mature within the year.

Other Risks and Uncertainty

Investors should carefully consider the risks and uncertainties described above and in the financial statements. The risks and uncertainties described in the Company's financial statements and MD&A are not the only ones it faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect its business.

ADDITIONAL INFORMATION:

Additional information relating to the Company is available in the unaudited combined interim financial statements for the three months ended March 31, 2019, and the audited combined financial statements for the years ended December 31, 2018, 2017, and 2016. Additional information can also be found at www.luminosity.gg. Additional information relating to J55 and Enthusiast Gaming is available on those companies' respective SEDAR profiles at www.sedar.com.

APPENDIX 13
ENTHUSIAST GAMING HOLDINGS INC. FINANCIAL STATEMENTS

**Audited Annual Financial Statements For The Fiscal Year
Ended December 31, 2018**

and

**Audited Annual Financial Statements For The Fiscal Year
Ended December 31, 2017**

and

**Unaudited Interim Financial Statements For The 3 Months
Ended March 31, 2019**



Enthusiast Gaming Holdings Inc.

(formerly Tova Ventures II Inc.)

**Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
(In Canadian Dollars)**

Independent Auditor's Report

To the Shareholders of Enthusiast Gaming Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Enthusiast Gaming Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not yet realized profitable operations and has incurred a cumulative deficit of \$22,308,126 as of December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ajmer Singh Sran.

MNP LLP

Toronto, Ontario
April 29, 2019

Chartered Professional Accountants
Licensed Public Accountants

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Financial Position
As at December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash	20	\$ 11,642,304	\$ 1,362,215
Cash in trust	20	270,387	834,260
Trade and other receivables	6, 20	2,706,360	1,236,075
Loans receivable from related parties	18	147,000	-
Prepaid expenses		25,907	49,710
Total current assets		14,791,958	3,482,260
Non-current			
Property and equipment, net	8	130,410	-
Loans receivable from related parties	18	44,283	-
Intangible assets	5, 9	1,531,136	243,856
Goodwill	4	-	765,532
Total Assets		\$ 16,497,787	\$ 4,491,648
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	20	\$ 3,500,232	\$ 1,469,291
Current portion of long-term debt		9,960	10,160
Warrant liability	11, 13, 14(i)	-	1,167,900
Total current liabilities		3,510,192	2,647,351
Non-current			
Long-term debt		29,880	39,840
Convertible debentures	10	7,326,863	-
Deferred tax liability	16	196,792	-
Total liabilities		\$ 11,063,727	\$ 2,687,191
Shareholders' Equity			
Share capital	13	16,733,136	3,654,069
Warrants reserve	13, 14	10,749,946	-
Conversion option on convertible debentures	10	313,780	-
Contributed surplus	15	776,988	2,130,681
Accumulated other comprehensive loss		(831,664)	(39,271)
Deficit		(22,308,126)	(3,941,022)
Total shareholders' equity		5,434,060	1,804,457
Total liabilities and shareholders' equity		\$ 16,497,787	\$ 4,491,648
Going concern (Note 1)			
Commitments (Notes 21)			
Subsequent events (Note 23)			

Approved by the Board of Directors of the Company

Signed: "Menashe Kestenbaum"

Director

Signed: "Alan Friedman"

Director

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	22	\$ 10,970,855	\$ 3,394,524
Cost of sales	2(v)	9,428,575	2,881,869
Gross margin		1,542,280	512,655
Expenses			
Professional and consulting fees	18	4,102,108	463,480
Advertising and promotion		2,329,604	14,475
Office and general		1,083,473	142,594
Salaries and wages		954,866	346,569
Technology support and web development		703,439	120,596
Interest, accretion and bank charges	10, 20	217,048	3,888
Bad debt		104,141	-
Foreign exchange gain		(343,498)	-
Loss on revaluation of warrant liability	14(i)	6,480,933	1,339,872
Share-based compensation	15, 13(xv)	1,617,621	240,635
Listing expense	3	1,259,425	-
Goodwill impairment	4	765,532	-
Amortization and depreciation	8, 9	558,136	67,380
Loss on investment	7, 12	120,000	167,000
Total expenses		19,952,828	2,906,489
Net loss for the year before income tax recovery		(18,410,548)	(2,393,834)
Deferred income tax recovery	16	(43,444)	-
Net loss for the year		(18,367,104)	(2,393,834)
Other comprehensive income (loss)			
Foreign currency translation adjustment		(792,393)	(39,271)
Net loss and comprehensive loss for the year		\$ (19,159,497)	\$ (2,433,105)
Net loss and comprehensive loss per share, basic and diluted	17	\$ (0.51)	\$ (0.16)
Weighted average number of common shares outstanding, basic and diluted	17	37,459,827	15,078,593

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Shareholders' Equity (Deficiency)
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Contributed surplus	Warrant reserve	Conversion option on convertible debentures	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
Balance December 31, 2016		13,977,009	\$ 527,100	\$ 280,780	\$ -	\$ -	\$ -	\$ (1,547,188)	\$ (739,308)
Private placements and share issuances	13(ii)	1,679,786	562,224	-	-	-	-	-	562,224
Share issuance costs	13(ii)	-	(42,267)	-	-	-	-	-	(42,267)
Share-based compensation	15	-	-	240,635	-	-	-	-	240,635
Conversion of preferred shares to common shares	11	7,900,036	2,607,012	-	-	-	-	-	2,607,012
Shares to be issued for private placement and acquisition	13(iii), (iv), 4	-	-	1,609,266	-	-	-	-	1,609,266
Other comprehensive loss		-	-	-	-	-	(39,271)	-	(39,271)
Net loss for the year		-	-	-	-	-	-	(2,393,834)	(2,393,834)
Balance December 31, 2017		23,556,831	\$ 3,654,069	\$ 2,130,681	\$ -	\$ -	\$ (39,271)	\$ (3,941,022)	\$ 1,804,457
Shares issued in a private placement	13(iii), (iv), (v)	9,405,729	3,125,583	(1,555,691)	-	-	-	-	1,569,892
Shares issued for the acquisition of assets in the prior year	13(vi)	300,000	53,575	(53,575)	-	-	-	-	-
Shares issued in a private placement, net of share issuance costs	13(viii)	6,799,300	6,240,792	-	-	-	-	-	6,240,792
Shares issued upon exercise of warrants	13(ix), (x)	766,590	622,854	-	-	-	-	-	622,854
Shares issued upon exercise of options	13(xi)	1,130,769	280,533	(133,533)	-	-	-	-	147,000
Shares, warrants and options deemed to be issued as part of reverse takeover transaction	13(xii), 3	1,379,904	1,376,454	114,761	43,471	-	-	-	1,534,686
Reclassification of warrant liability as part of reverse takeover transaction	13(xiii)	-	-	-	9,578,951	-	-	-	9,578,951
Entrepreneur warrants issued	13(xv)	-	-	-	1,331,800	-	-	-	1,331,800
Warrants and conversion option related to convertible debentures, net of costs	10	-	-	-	590,031	554,016	-	-	1,144,047
Deferred tax expense on convertible debentures	10	-	-	-	-	(240,236)	-	-	(240,236)
Shares issued for the asset acquisitions in current year	13(vii)	243,394	196,310	-	-	-	-	-	196,310
Shares issued upon exercise of warrants	13(xiv)	1,067,117	1,165,770	-	(794,307)	-	-	-	371,463
Shares issued upon exercise of options	13(xvi)	13,619	17,196	(11,476)	-	-	-	-	5,720
Share-based compensation	15	-	-	285,821	-	-	-	-	285,821
Other comprehensive loss		-	-	-	-	-	(792,393)	-	(792,393)
Net loss for the year		-	-	-	-	-	-	(18,367,104)	(18,367,104)
Balance December 31, 2018		44,663,253	\$ 16,733,136	\$ 776,988	\$ 10,749,946	\$ 313,780	\$ (831,664)	\$ (22,308,126)	\$ 5,434,060

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from operations			
Net loss for the year		\$ (18,367,104)	\$ (2,393,834)
Items not affecting cash:			
Amortization and depreciation	8, 9	558,136	67,380
Share-based compensation	15	1,617,621	240,635
Accretion expense	10	61,490	-
Bad debt expense		104,141	-
Deferred income tax recovery	16	(43,444)	-
Unrealized foreign exchange gain		(472,547)	-
Loss on revaluation of warrant liability	14(i)	6,480,933	1,339,872
Loss on investment	7, 12	120,000	167,000
Goodwill impairment	4	765,532	-
Listing expense, net of cash acquired	3	1,259,425	-
Changes in working capital			
Changes in trade and other receivables		(1,574,426)	(1,168,322)
Changes in prepaid expenses		23,803	(48,778)
Changes in accounts payable and accrued liabilities		1,977,667	1,268,901
		(7,488,773)	(527,146)
Investing activities			
Cash paid for business combinations and asset acquisitions	5	(1,506,376)	(1,196,567)
Acquisition of property and equipment	8	(148,585)	-
Investment in an associate ownership	7	(120,000)	-
		(1,774,961)	(1,196,567)
Financing activities			
Proceeds from the issuance of shares, net of issuance costs	13	10,124,847	2,696,427
Proceeds from convertible debentures, net of issuance costs	10	8,409,420	-
Proceeds from (repayment of) long-term debt		(10,160)	50,000
Proceeds from exercise of warrants	13	594,882	-
Proceeds received for shares to be issued	13	-	834,260
Proceeds from exercise of options	13, 15	152,720	-
Loans to related parties	18	(191,283)	-
		19,080,426	3,580,687
Effect on cash held in foreign currency		(100,476)	(11,666)
Net change in cash		9,716,216	1,856,974
Cash, beginning of year		2,196,475	351,167
Cash, end of year		\$ 11,912,691	\$ 2,196,475

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

1. Nature of Operations

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) (the “Company” or “Enthusiast”) was incorporated under the Canada Business Corporations Act on February 27, 2017 and upon incorporation was classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The registered head office of the Company is 150 Eglinton Avenue East, Suite 203, Toronto, ON, M4P 1E8.

On September 21, 2018, the Company completed a qualifying transaction with Enthusiast Gaming Inc. (“EG Inc.”), a corporation incorporated in the Province of Ontario (“Business Combination Agreement”). The Business Combination Agreement entered into between the Company, a subsidiary of the Company and EG Inc. was structured as a three-cornered amalgamation under the Business Corporations Act (Ontario) (the “Transaction”). As a result of the Transaction, EG Inc. became a wholly-owned subsidiary of the Company. The completion of the Transaction resulted in a reverse takeover and change of business for the Company (the “RTO”). The terms of the RTO required the Company to consolidate its common shares prior to the RTO on a 1:4.2 basis. The Company also exchanged 100% of the issued and outstanding securities of EG Inc. on a 1:1 basis with the then securityholders of EG Inc. for securities in the capital of the Company. Upon the completion of the Transaction, Tova Ventures II Inc. changed its name to Enthusiast Gaming Holdings Inc.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and start trading on the TSX Venture Exchange (“TSX.V”) under the symbol “EGLX”.

The Company’s principal business activity is owning and operating an online network of websites devoted to video gaming as well as Canada’s largest video-gaming expo. Between its online digital media properties, its network of partner websites, and video-gaming expo, Enthusiast engages video gaming enthusiasts online worldwide.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2019.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary, should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company’s ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$22,308,126 as at December 31, 2018 (December 31, 2017 – \$3,941,022). The recoverability of the carrying value of the assets and the Company’s continued existence is dependent upon the achievement of profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2018, the Company had current assets of \$14,791,958 (December 31, 2017 - \$3,482,260) to cover current liabilities of \$3,510,192 (December 31, 2017 - \$2,647,351).

2. Significant accounting policies

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2. Significant accounting policies (continued)

(ii) Basis of preparation

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, except per share amounts or as otherwise noted.

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below.

(iii) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Enthusiast Gaming Inc. (Canada), Hexagon Games Corp. (Canada), Enthusiast Gaming Live Inc. (Canada), Enthusiast Gaming Media Inc. (Canada) and Enthusiast Gaming Media (US) Inc. (United States of America).

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

(iv) Revenue

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) as issued by the International Accounting Standard Board (“IASB”) on May 28, 2014 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract as well as requiring more informative and relevant disclosures. IFRS 15 applies to nearly all contracts with customers, unless covered by another standard, such as leases, financial instruments and insurance contracts. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue. The amendments also provide additional transition relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard.

The Company has adopted IFRS 15 Revenue from Contracts with Customers with an initial adoption date of January 1, 2018. The Company utilized the cumulative effect method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration receivable in exchange for those goods or services, net of discounts and sales taxes. The Company generates revenue primarily by delivering digital advertising and exhibition services.

Revenue from digital advertising

The Company generates revenues primarily by delivering performance and brand advertising. Performance advertising creates and delivers relevant advertisements that users will click, leading to direct engagement with advertisers. Brand advertising enhances users’ awareness of and affinity with advertisers’ products and services, through videos, text, images, and other advertisements that run across various devices. Revenue from digital advertising is recognized when the user clicks on the advertisement or when the user views the advertisement for a specified period of time or based on cost-per-impression, which is based on the number of times an advertisement is displayed.

2. Significant accounting policies (continued)

(iv) *Revenue (continued)*

Revenue from digital advertising (continued)

The Company evaluates whether it is acting as principal (i.e., report revenue on a gross basis) or agent (i.e., report revenue on a net basis). The Company reports revenue on gross basis as the Company controls the advertising inventory. Recording revenue on gross basis is evidenced by the Company's ability to monetize the digital advertising inventory before it is transferred to the customers, and is further supported by the fact that the Company is primarily responsible to its customers and having a level of discretion in establishing pricing.

Revenue from the rendering of exhibition services

The Company generates revenue through ticket sales and sponsorships during its exhibition events. The exhibition events are short in duration ranging from three to four days. The Company records revenue from ticket sales and sponsorships once the event is held and the performance obligation is met.

(v) *Cost of sales*

Cost of sales consists of advertising costs directly related to revenue earned.

(vi) *Foreign currency*

The consolidated financial statements are presented in Canadian dollars. The functional currency of Enthusiast Gaming Holdings Inc., Hexagon Games Corp., Enthusiast Gaming Live Inc. and Enthusiast Gaming Media Inc. is Canadian dollars and the functional currency of Enthusiast Gaming Inc. and Enthusiast Gaming Media (US) Inc. is United States dollars.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive loss included in the consolidated statements of changes in shareholders' equity (deficiency). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

(vii) *Share-based payments*

The Company grants stock options to its employees, directors and consultants. Stock options vest over and expire after various periods of time. The vesting policy is that the options granted vest one-third on the date of grant, one-third on the first anniversary and the remaining one-third on the second anniversary of the date of grant. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 15.

Share-based compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(viii) *Income taxes and deferred taxes*

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (continued)

(viii) Income taxes and deferred taxes (continued)

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

(ix) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated at 20% of the declining balance for furniture and fixtures, 30% of the declining balance for computer equipment and three years for leasehold improvements, which is the lesser of useful life and lease term. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted, if required.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of loss and comprehensive loss.

(x) Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization on a straight-line basis over the following periods:

Trademark	4 years
Application and technology development	5 years
Website	2 years

Amortization expense is included in the consolidated statements of loss and comprehensive loss.

The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis. These assets are subject to impairment testing as described below in Note 2(xii).

(xi) Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

2. Significant accounting policies (continued)

(xii) Impairment testing of goodwill, other intangible assets and property and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company only has one cash generating unit and goodwill is tested for impairment at least annually. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

Impairment losses for the cash-generating unit reduce first the carrying amount of any goodwill allocated to that cash-generating unit, with any remaining impairment loss charged pro rata to the other assets in the cash-generating unit. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

(xiii) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- **Amortized cost** - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, cash in trust, trade and other receivables, and loans receivable from related parties.

2. Significant accounting policies (continued)

(xiii) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified

2. Significant accounting policies (continued)

(xiii) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

2. Significant accounting policies (continued)

(xiv) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(xv) Cash

Cash comprises of cash held with financial institutions and cash held in trust.

(xvi) Warrants

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs. Expired warrants are removed from warrant reserve and credited directly to retained earnings. Where warrants are denominated in a currency other than the Company's functional currency, they are considered a derivative liability and marked to market at each reporting period using the Black-Scholes pricing model.

(xvii) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. For the years ended December 31, 2018 and 2017, potentially dilutive common shares issuable upon the exercise of conversion option related to convertible debentures, warrants and options were not included in the computation of loss per share because their effect was anti-dilutive.

(xviii) Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

2. Significant accounting policies (continued)

(xix) Significant accounting judgments, estimates and uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, provision for expected credit losses and calculation of warrant liability. These estimates and judgments are further discussed below:

(a) Goodwill impairment testing and recoverability of assets

The Company only has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

(b) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(c) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

2. Significant accounting policies (continued)

(xix) Significant accounting judgments, estimates and uncertainties (continued)

(d) Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

(e) Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

(f) Provision for expected credit losses ('ECLs')

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(g) Warranty liability

The Black-Scholes Option pricing model is used to determine the fair value of the warrants and utilizes subjective assumptions such as expected price volatility which is based on comparable companies, expected life of the warrant and the risk-free rate. Any changes in these input assumptions can significantly affect the fair value estimate.

(xx) Accounting standards implemented in 2018

The Company adopted the following accounting standards which came into effect commencing January 1, 2018:

IFRS 15, Revenue from Contracts with Customers

The Company has adopted IFRS 15 with an initial application date of January 1, 2018. The impact on the 2018 consolidated financial statements and additional disclosures are detailed as follows:

The Company determines revenue recognition through the following steps: a) identification of the contract with a customer; b) identification of the performance obligations in the contract; c) determination of the transaction price; d) allocation of the transaction price for the performance obligations in the contract; and e) recognition of revenue when the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration receivable in exchange for those goods or services, net of discounts and sales taxes. The Company generates revenue primarily by delivering digital advertising and exhibition services.

2. Significant accounting policies (continued)

(xx) *Accounting standards implemented in 2018 (continued)*

IFRS 15, Revenue from Contracts with Customers (continued)

Revenue from digital advertising

The Company generates revenues primarily by delivering performance and brand advertising. Performance advertising creates and delivers relevant advertisements that users will click, leading to direct engagement with advertisers. Brand advertising enhances users' awareness of and affinity with advertisers' products and services, through videos, text, images, and other advertisements that run across various devices. Revenue from digital advertising is recognized when the user clicks on the advertisement or when the user views the advertisement for a specified period of time or based on cost-per-impression, which is based on the number of times an advertisement is displayed.

The Company evaluates whether it is acting as principal (i.e., report revenue on a gross basis) or agent (i.e., report revenue on a net basis). The Company reports revenue on gross basis as the Company controls the advertising inventory. Recording revenue on gross basis is evidenced by the Company's ability to monetize the digital advertising inventory before it is transferred to the customers, and is further supported by the fact that the Company is primarily responsible to its customers and having a level of discretion in establishing pricing.

Revenue from the rendering of exhibition services

The Company generates revenue through ticket sales and sponsorships during its exhibition events. The exhibition events are short in duration ranging from three to four days. The Company records revenue from ticket sales and sponsorships once the event is held and the performance obligation is met.

Contract liabilities are recorded when cash payments are received or due in advance of the Company's performance.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, net of returns and discounts and was recognized when the risks and rewards of ownership had transferred to the customer or as services were performed. No revenue was recognized if there were significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred could not be measured reliably, or there was continuing management involvement with the goods. IFRS 15 had no impact on the Company's consolidated statement of loss and comprehensive loss for the year ended December 31, 2018 or opening deficit.

IFRS 9, Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected loss impairment model.

The standard contains three classifications categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 did not change the Company's accounting policies for financial liabilities.

2. Significant accounting policies (continued)

(xx) *Accounting standards implemented in 2018(continued)*

IFRS 9, Financial Instruments (continued)

The classification changes for each class of the Company's financial assets and financial liabilities upon adoption at January 1, 2018 is as follows:

Financial assets and liabilities	IAS 39	IFRS 9	IFRS 39 / IFRS 9 Carrying value
Cash	Loans and receivables	Amortized cost	\$ 1,362,215
Cash in trust	Loans and receivables	Amortized cost	\$ 834,260
Trade and other receivables	Loans and receivables	Amortized cost	\$ 1,236,075
Loans receivable from related parties	Loans and receivables	Amortized cost	\$ -
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	\$ 1,469,291
Long-term debt	Other financial liabilities	Amortized cost	\$ 50,000
Warrant liability	FVTPL	FVTPL	\$ 1,167,900
Convertible debenture	Other financial liabilities	Amortized cost	\$ -

As a result of the adoption of IFRS 9, the Company's accounting policies for financial instruments have been updated and applied from January 1, 2018 and in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

IFRS 3 Business Combinations (Amendment)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IFRS 3, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in December 2018. The amendments clarify the definition of a business, permitting a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments were effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted.

Effective January 1, 2018, the Company adopted the amendments to IFRS 3, Business Combinations and assessed various asset purchase transactions entered into during the year to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. Based on the clarification related to the definition of a business, the Company determined that none of the asset purchase transactions entered into during the year ended December 31, 2018 met the definition of a business. Therefore, all the asset purchase transactions during the year have been accounted for as asset acquisitions.

(xxi) *Standards, amendments and interpretations issued and not yet effective and have not been adopted by the Company*

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective.

In January 2016, the IASB issued *IFRS 16, Leases* ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

2. Significant accounting policies (continued)

(xxi) *Standards, amendments and interpretations issued and not yet effective and have not been adopted by the Company (continued)*

IFRS 16 will also result in reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company plans to apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16, if any, will be recognized as an adjustment to opening retained earnings as at January 1, 2019, with no restatement of comparative information.

Based on the information currently available, the Company estimates that it will recognize a lease liability and right to use asset of approximately \$63,000 as at January 1, 2019. This preliminary estimate is subject to adjustment as management continues to monitor and refine certain elements of its IFRS 16 adoption in advance of Q1 2019 reporting. The Company is on track to complete its implementation of IFRS 16 effective January 1, 2019.

3. Reverse takeover transaction

On September 21, 2018, the Company completed its qualifying transaction (the "Transaction") in accordance with the policies of the TSX Venture Exchange (the "TSXV"), pursuant to which the security holders of Enthusiast Gaming Inc. exchanged all of the securities of Enthusiast Gaming Inc. for securities of the Company, resulting in Enthusiast Gaming Inc. becoming a wholly-owned subsidiary of the Company.

The amalgamation was accounted for in accordance with IFRS 2, Share Based-Payments. The Transaction is considered to be a reverse takeover of Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) by Enthusiast Gaming Inc. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (shares, stock options and warrants) by Enthusiast Gaming Inc. for the net assets and eventual public listing status of the nonoperating company, Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.). The fair value of the shares issued was determined based on the fair value of the common shares issued by Enthusiast Gaming Inc. Comparative figures presented within these consolidated financial statements are those of Enthusiast Gaming Inc.

Immediately prior to the Transaction, the Company consolidated its outstanding share capital on a 1:4.2 basis from 5,795,600 common shares to 1,379,904 common shares outstanding.

Upon closing of the Transaction, all outstanding common shares, warrants and options of Enthusiast Gaming Inc. were exchanged for common shares, warrants and options of the Company on a 1:1 basis.

In conjunction with the share consolidation, the Company consolidated its outstanding stock options on a 1:4.2 basis from 572,000 options at an exercise price of \$0.10 to 136,190 options at an exercise price of \$0.42, expiring October 17, 2022. The Company also consolidated its outstanding warrants on a 1:4.2 basis from 274,400 warrants at an exercise price of \$0.10 to 65,333 warrants at an exercise price of \$0.42, expiring on October 17, 2019.

The fair value of the stock options as at September 21, 2018 was \$114,761 and was determined using the Black-Scholes Option pricing model with the following assumptions: a share price of \$0.9975, an exercise price of \$0.42, a volatility of 123.90% based on comparable companies; an expected life of 4.07 years, a dividend yield of 0%, and a risk-free interest rate of 2.29%.

The fair value of the warrants as at September 21, 2018 was \$43,471 and was determined using the Black-Scholes Option pricing model with the following assumptions: a share price of \$0.9975, an exercise price of \$0.42, a volatility of 107.80% based on comparable companies; an expected life of 1.07 years, a dividend yield of 0%, and a risk-free interest rate of 2.18%.

Enthusiast Gaming Holdings Inc.
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3. Reverse takeover transaction (continued)

The fair value of the consideration is as follows:

Consideration transferred - 1,379,904 shares @ \$0.9975	\$	1,376,454
Tova Ventures II Inc. stock options converted to resulting issuer stock options		114,761
Tova Ventures II Inc. warrants converted to resulting issuer warrants		43,471
Net working capital acquired		275,261
Listing expense	\$	1,259,425

4. Business combination and goodwill

On June 15, 2017, the Company purchased all the assets of Destructoid LLC ("Destructoid"). Based in San Francisco, Destructoid has been a leading online authority for over 10 years as the alternative to mainstream gaming news sites and a sought-after destination for gamers to blog about their favourite video games. Consistently attracting a large number of monthly visitors, Destructoid adds a significant boost to the Company's international reach of gamers.

The acquisition was accounted for as a business combination under IFRS 3. The total consideration paid by the Company to acquire the assets of Destructoid was \$860,491 (\$650,000 USD) and 300,000 common shares of the Company which were issued subsequent to the year ended December 31, 2017 and were valued at \$53,575.

Consideration		
Cash consideration	\$	860,491
Common shares		53,575
	\$	914,066
Purchase price allocation		
Destructoid tradename	\$	148,534
Goodwill		765,532
	\$	914,066

The Company has not disclosed the total revenue for the above-mentioned acquisition due to impracticality as the Company does not track revenue and profit or loss for each website. Transaction costs incurred were expensed in the year.

Goodwill arose in the acquisition of Destructoid primarily due to the potential of the Company's continued growth and profitability and synergies by leveraging and cross-promoting its existing gaming-oriented web properties. These benefits were not recognize separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment charge

At December 31, 2018, the recoverable amount of the Company was determined to be \$13,017,677 as compared to the carrying value of \$13,783,209. As a result, for the year ended December 31, 2018, the Company recorded an impairment charge of \$765,532 against the carrying value of the goodwill.

The recoverable amount of the Company was determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and an after-tax discount rate of 26.5% (pre-tax – 32%) per annum. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate. The cash flow projections used in estimating the recoverable amounts are generally consistent with results achieved historically adjusted for anticipated growth.

Enthusiast Gaming Holdings Inc.
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5. Asset acquisition transactions

During the year ended December 31, 2018, the Company entered into seven asset purchase agreements with at-arm's length parties to acquire websites, which comprise of URLs, domain names, website content and Facebook pages. Effective January 1, 2018, the Company adopted the amendments to IFRS 3, Business Combinations and assessed various asset purchase transactions entered into during the year to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. Based on the clarification related to the definition of a business, the Company determined that none of the asset purchase transactions entered into during the year met the definition of a business. Therefore, all the asset purchase transactions during the year have been accounted for as asset acquisitions. Total consideration paid or payable consists of \$1,559,650 in cash, 243,394 common shares valued in the amount of \$196,310 for total consideration of \$1,755,960. As at December 31, 2018, the Company has \$53,274 in cash consideration payable related to the IncGamers Ltd. asset acquisition that is included in accounts payable and accrued liabilities in the consolidated statements of financial position. Details of all the asset acquisitions including date of acquisitions are as follows:

Asset acquisition transaction	Date of acquisition
Pixelframe LLC	February 5, 2018
Gammesia Media	February 16, 2018
Daily Esports	March 7, 2018
Gameumentary	June 22, 2018
The Escapist	July 31, 2018
IncGamers Ltd.	July 4, 2018
Operations Sports LLC	November 13, 2018

6. Trade and other receivables

Trade and other receivables consist of the following:

	December 31, 2018	December 31, 2017
Trade receivables	\$ 2,404,573	\$ 1,180,772
HST receivable	342,973	55,303
Expected credit loss provision	(41,186)	-
	\$ 2,706,360	\$ 1,236,075

In addition to the expected credit loss provision of \$41,186, the Company recognized \$62,955 in bad debt expense related to revenues earned in 2018 as the amounts were deemed uncollectible.

7. Investment

On July 12, 2018, the Company purchased a 20% ownership interest in 2643067 Ontario Ltd, an Ontario corporation operating as Canada Cup Gaming ("Canada Cup") in consideration for \$120,000. Canada Cup has been hosting annual e-sports competitions since 2009 and became the final Premier Event of the Capcom Pro Tour season in 2015.

As part of agreement between the Company and Canada Cup, the Company has an option to purchase the remaining 80% of Canada Cup within two years, subject to the fulfilment of certain milestones. The Company has also committed to invest up to \$80,000 in services of the Company towards Canada Cup's 2018 fall tournament to be hosted at the Company's EGLX event in October 2018. The Company determined that it does not exercise significant influence or control over Canada Cup Gaming and the investment has been classified as a fair value through profit or loss financial instrument.

The Company assessed the investment for fair value as at December 31, 2018 and determined the fair value to be \$nil. As a result, the investment has been written down to \$nil and the Company has recorded a corresponding loss on investment in the amount of \$120,000, which is included in the consolidated statements of loss and comprehensive loss.

Enthusiast Gaming Holdings Inc.
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8. Property and equipment

		Furniture and fixtures		Computer equipment		Leasehold improvements		Total
Cost	\$		\$		\$		\$	
Balance, December 31, 2017		-		-		-		-
Additions during the year		57,565		73,581		17,439		148,585
Balance, December 31, 2018	\$	57,565	\$	73,581	\$	17,439	\$	148,585
Accumulated depreciation								
Balance, December 31, 2017		-		-		-		-
Depreciation during the year		4,980		11,887		1,308		18,175
Balance, December 31, 2018	\$	4,980	\$	11,887	\$	1,308	\$	18,175
Net book value								
Balance, December 31, 2017	\$	-	\$	-	\$	-	\$	-
Balance, December 31, 2018	\$	52,585	\$	61,694	\$	16,131	\$	130,410

9. Intangible assets

		Website		Application and technology development		Trademark		Total
Cost								
Balance, January 1, 2017	\$	35,180	\$	156,112	\$	-	\$	191,292
Additions during the year		-		-		-		-
Additions from business combination (Note 4)		-		-		148,534		148,534
Balance, December 31, 2017		35,180		156,112		148,534		339,826
Additions during the year		-		-		-		-
Additions from asset acquisition transactions (Note 5)		1,755,960		-		-		1,755,960
Effect of movement in foreign exchange rates		92,488		8,061		7,670		108,219
Balance, December 31, 2018	\$	1,883,628	\$	164,173	\$	156,204	\$	2,204,005
Accumulated amortization								
Balance, January 1, 2017	\$	10,260	\$	18,330	\$	-	\$	28,590
Amortization during the year		17,589		31,225		18,566		67,380
Balance, December 31, 2017		27,849		49,555		18,566		95,970
Amortization during the year		420,988		80,620		38,353		539,961
Effect of movement in foreign exchange rates		26,071		7,561		3,306		36,938
Balance, December 31, 2018	\$	474,908	\$	137,736	\$	60,225	\$	672,869
Net book value								
Balance, December 31, 2017	\$	7,331	\$	106,557	\$	129,968	\$	243,856
Balance, December 31, 2018	\$	1,408,720	\$	26,437	\$	95,979	\$	1,531,136

10. Convertible debentures

On November 8, 2018, the Company issued convertible debenture units (the “Debenture Units”) for total gross proceeds of \$9,000,000 (the “Offering”).

Each Debenture Unit, issued at a price of \$1,000, is comprised of one unsecured convertible debenture (each a “Debenture” and collectively, the “Debentures”), having a principal amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 315 common share purchase warrants of the Company (each, a “Debenture Warrant”). Each Debenture is convertible into shares of the Company at a conversion price of \$1.60 per common share (the “Conversion Price”), subject to acceleration in certain events. The Debentures mature on December 31, 2021. Each Debenture Warrant entitles the holder to acquire one share at a price of \$2.00 per share for a period of two years, subject to acceleration in certain events. The Debentures and the Debenture Warrants contain customary anti-dilution provisions. The Company also issued 540 Debenture Units to the brokers as part of the transaction in addition to 2,835,000 Debenture Warrants.

Beginning on March 9, 2019, the Company may, at its option, require the conversion of the then outstanding principal amount of the Debentures (plus accrued and unpaid interest thereon) at the Conversion Price on not less than 30 days’ notice, should the daily volume-weighted average trading price of the shares of the Company be greater than \$2.40 for each of seven consecutive trading days, ending five trading days prior to the applicable date.

The Company may accelerate the expiry date of the then outstanding Debenture Warrants on not less than 30 days’ notice, should the volume-weighted average trading price of the shares be greater than \$3.00 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

Upon initial recognition, the convertible debentures have been presented as a liability and the embedded conversion feature and warrants have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of \$8,074,019 is measured using a market rate of 13.0% for a similar unsecured debt without the conversion feature. The residual amount of \$925,981 was allocated proportionally based on relative fair values between conversion feature and warrants in the amount of \$615,679 and \$310,302, respectively. The fair value of the conversion feature was determined using Black-Scholes pricing model with the following assumptions: a share price of \$1.01, an exercise price of \$1.60, a volatility of 111.15%, an expected life of 3.15 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.37%. The fair value of warrants was determined using Black-Scholes pricing model with the following assumptions: a share price of \$1.01, an exercise price of \$2.00, a volatility of 110.50%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.36%.

The Company incurred cash issuance costs of \$590,580. In addition, the Company issued 540 warrants to the brokers, which are exercisable at \$1,000 per Debenture Unit for a term of 2 years. The fair value of the broker warrants in the amount of \$310,807 was determined using Black-Scholes pricing model with the following assumptions: a unit price of \$1,000, an exercise price of \$1,000, a volatility of 110.50%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.36%. The total issuance costs of \$901,387 was allocated proportionally to convertible debentures, conversion feature on convertible debentures and warrants in the amount of \$808,646, \$61,663 and \$31,078, respectively.

The Company recorded deferred tax expense in the amount of \$240,236, which is offset against the value of equity portion of the conversion feature on convertible debentures in the consolidated statements of changes in equity (deficiency). The convertible debentures are amortized at an effective interest rate of 16.94%. The Company recognized \$117,616 in interest expense and \$61,490 in accretion expense for the year ended December 31, 2018.

10. Convertible debentures (continued)

The fair value and related movement during the year for each of the components of the convertible debentures, conversion feature on convertible debentures and warrants is as follows:

	Convertible debenture	Conversion feature on convertible debentures	Warrant reserve	Total
Initial recognition at fair value	\$ 8,074,019	\$ 615,679	\$ 310,302	\$ 9,000,000
Issuance costs	(808,646)	(61,663)	(31,078)	(901,387)
Broker warrants issued	-	-	310,807	310,807
Deferred tax expense	-	(240,236)	-	(240,236)
Interest and accretion expense	61,490	-	-	61,490
Balance as at December 31, 2018	\$ 7,326,863	\$ 313,780	\$ 590,031	\$ 8,230,674

11. Preferred share private placements

During 2016, Enthusiast Gaming Inc. completed a non-brokered private placement resulting in gross proceeds of \$930,002. The non-brokered private placement involved the sale of 4,710,911 units at a price of \$0.197 per unit (the "2016 Non-Brokered Preferred Units"). Each 2016 Non-Brokered Preferred Unit comprised of one preferred share and 1/5 of one preferred share purchase warrant (the "2016 Non-Brokered Warrants"). Each 2016 Non-Brokered Warrant entitles the holder thereof to acquire one additional preferred share for a period of 24 months from the date of issuance at an exercise price of \$0.197.

Enthusiast Gaming Inc. also issued 443,115 liquidity warrants to certain preferred shareholders, which allows the holders of the warrants to exercise their warrants for one additional preferred share at a nominal amount for a period of 27 months if Enthusiast Gaming Inc. does not file a final prospectus in relation to an initial public offering of the common shares.

During 2017, Enthusiast Gaming Inc. completed a non-brokered private placement resulting in gross proceeds of \$629,750. The non-brokered private placement involved the sale of 3,189,125 units at a price of \$0.197 per unit (the "2017 Non-Brokered Preferred Units"). Each 2017 Non-Brokered Preferred Unit comprised of one Preferred Share and 1/5 of one preferred share purchase warrant (the "2017 Non-Brokered Warrants"). Each 2017 Non-Brokered Warrant entitles the holder thereof to acquire one additional Preferred Share for a period of 24 months from the date of issuance at an exercise price of \$0.197. Enthusiast Gaming Inc. also issued 460,091 liquidity warrants to certain preferred shareholders, which allows the holders of the warrants to exercise their warrants for one additional preferred share at a nominal amount for a period of 27 months if Enthusiast Gaming Inc. does not file a final prospectus in relation to an initial public offering of the common shares. A total of \$50,000 of the proceeds for the 2017 issuance was received in 2016, but not issued as at December 31, 2016.

On November 28, 2017, all 7,900,036 preferred shares and preferred share warrants were converted to common shares and common share warrants of Enthusiast Gaming Inc. Each preferred share was converted to one common share. Prior to the conversion to common shares, the preferred shares were revalued at their fair value as it was treated as a fair value through profit or loss financial instrument under IAS 39. The preferred share liability as at November 28, 2017 was estimated to be \$2,607,012. This value was derived based on an estimate of the value of \$0.33 per common share of Enthusiast Gaming Inc. based on concurrent share issuances. The preferred share warrants fair value in the amount of \$292,612 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.197, expected life of 1 - 2 years, annualized volatility of 105.0%, dividend yield of 0.0%, risk-free interest rate of 1.68%. A loss of \$1,339,872 on the consolidated statements of loss and comprehensive loss based on the revaluation of preferred shares and warrants was recognized.

12. Joint venture and acquisition of Enthusiast Gaming Live Inc.

In September 2015, Metroland Media Group Ltd. (“Metroland”) and Enthusiast Gaming Inc. each subscribed for 200 common shares in the capital of a newly formed Company, Enthusiast Gaming Live Inc. (“EGL”). The purpose of EGL is to host large-scale gaming conventions, representing three distinct pillars of gaming culture: festival, makers and tournaments.

Enthusiast Gaming Inc.’s investment in EGL was treated as a joint venture under IFRS and therefore, was accounted for using the equity method of accounting.

In fiscal year 2016, the first EGL event was launched from April 29, 2016 – May 1, 2016. Enthusiast Gaming Inc. recorded a loss of interest in an associate ownership of \$169,076 relating to its portion of the event loss. As there was an obligation to fund the loss, Enthusiast Gaming Inc. recorded a corresponding liability of \$169,076. The amount was fully repaid on August 9, 2017.

On October 25, 2017, Enthusiast Gaming Inc. purchased the remaining 50% interest of EGL from Metroland for \$167,000. As the investment was recorded on Enthusiast Gaming Inc.’s consolidated financial statements for a nominal amount, the Company’s investment in EGL was deemed to be worth \$167,000 and a \$167,000 write-up of the investment was recorded prior to the acquisition.

The acquisition of EGL was accounted for as a business combination under IFRS 3. The grossed-up purchase price of \$334,000 was fully allocated to goodwill, as there were no material intangible assets identified at the date of purchase. As EGL has yet to generate positive cash flows, the goodwill was fully written off during the year ended December 31, 2017.

Below is a reconciliation of the loss on interest in an associate ownership recorded for year ended December 31, 2017 in the consolidated statements of loss and comprehensive loss.

		December 31, 2017
Revaluation gain prior to acquisition	\$	167,000
Goodwill impairment		(334,000)
Loss on interest in an associate ownership	\$	(167,000)

13. Share capital

The Company is authorized to issue an unlimited number of common shares. The Company issued common shares as described below during year ended December 31, 2018 and 2017:

- (i) On November 28, 2017, all 7,900,036 preferred shares were converted to common shares of the Enthusiast Gaming Inc. Each preferred share was converted to one common share. See Note 11 for more details.
- (ii) In November and December 2017, Enthusiast Gaming Inc. closed a non-brokered private placement of 1,679,786 units at a price of \$0.47 per unit for total gross proceeds of \$789,500. Each unit is comprised of one common share and one common share purchase warrant. The warrants are exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. As the units are issued in Canadian dollars, which is different than Enthusiast Gaming Inc.’s functional currency of US dollars, warrants were presented as liability as the fixed for fixed criteria for equity classification was not met. Enthusiast Gaming Inc. incurred \$61,267 of share issuance costs relating to this issuance, of which \$42,267 has been capitalized as share issue costs, while \$19,000 has been expensed as they relate to the warrant liability. The warrants issued relating to this issuance were recorded as a warrant liability in the amount of \$227,276. The fair value of the warrant liability in the amount of \$227,276 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%.

13. Share capital (continued)

- (iii) In addition, in December 2017, Enthusiast Gaming Inc. received \$834,260 in respect of 1,775,022 units with similar terms as those disclosed in Note 13(ii), which were not issued as of December 31, 2017 and as such, the value of the warrants in the amount of \$240,093 in respect of these units has been recorded as a liability and the remaining amount of \$594,167 as contributed surplus in the consolidated statements of changes in shareholders' equity (deficiency). The fair value of the warrant liability in the amount of \$240,093 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital in the consolidated statements of changes in shareholders' equity (deficiency).
- (iv) In November and December 2017, Enthusiast Gaming Inc. also received \$1,369,444 of cash for 2,913,710 units with similar terms as those disclosed in Note 13 (ii) and (iii), which were not issued as of December 31, 2017. The fair value of the warrants in the amount of \$407,920 in respect of these units has been recorded as a liability and the remaining amount of \$961,524 as contributed surplus in the consolidated statements of changes in shareholders' equity (deficiency). The fair value of the warrant liability in the amount of \$407,920 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital in the consolidated statements of changes in shareholders' equity (deficiency).
- (v) During the year ended December 31, 2018, Enthusiast Gaming Inc. closed additional non-brokered private placement with several closings of 4,716,997 units at a price of \$0.47 per unit for total gross proceeds of \$2,216,989. Each unit is comprised of one common share and one common share purchase warrant. The warrants are exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. The fair value of the warrants in the amount of \$647,097 in respect of these units has been recorded as a liability and the remaining amount of \$1,569,892 as share capital in the consolidated statements of changes in shareholders' equity (deficiency). The fair value of the warrant liability in the amount of \$647,097 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 2.20 - 1.86 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.88% - 1.79%.
- (vi) During the year ended December 31, 2018, the Company issued 300,000 shares in respect to the acquisition of the assets of Destructoid LLC (Note 4), which was completed in June 2017. The fair value of \$53,575 was reclassified from contributed surplus to share capital in the consolidated statements of changes in equity (deficiency).
- (vii) As disclosed in Note 5, the Company entered into seven asset acquisition transaction, which required consideration in cash and common shares. The Company issued 243,394 common shares valued at \$196,310 during the year ended December 31, 2018, which has been recorded as share capital in the consolidated statements of changes in equity (deficiency).
- (viii) In June 2018, in anticipation of the Transaction, Enthusiast Gaming Inc. closed securities offering of 6,799,300 units at a price of \$1.25 per unit for total gross proceeds of \$8,499,125. Each unit is comprised of one common share and one-half of one common share purchase warrant. The warrants are exercisable for \$1.60 per common share from the date of issuance until such date as is 24 months following the completion of a going-public transaction. As the units are issued in Canadian dollars, which is different than Enthusiast Gaming Inc.'s functional currency of US dollars, warrants were presented as liability as the fixed for fixed criteria for equity classification was not met. The warrants issued relating to this issuance were recorded as a warrant liability in the amount of \$1,682,456. The fair value of the warrant liability in the amount of \$1,682,456 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.9975, exercise price of \$1.60, expected life of 2.26 years, annualized volatility of 111.0%, dividend yield of 0.0%, risk-free interest rate of 1.77%.

13. Share capital (continued)

Enthusiast Gaming Inc. incurred \$539,773 of cash share issuance costs and issued 339,465 broker warrants which are valued at \$178,239 for total share issuance costs of \$718,012. Share issuance costs in the amount of \$575,877 has been capitalized as share issuance costs, while \$142,135 has been expensed as they relate to the warrant liability. The fair value of broker warrants in the amount of \$178,239 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.9975, exercise price of \$1.25, expected life of 2.00 years, annualized volatility of 111.0%, dividend yield of 0.0%, risk-free interest rate of 2.18%.

- (ix) Prior to the Transaction, warrant holders of 577,554 warrants with an exercise price of \$0.197467 per share exercised their warrants for a total consideration of \$113,778. As a result, fair value of the warrant liability in the amount of \$350,204 was credited to share capital for the underlying warrants exercised. The fair value of the warrant liability in the amount of \$350,204 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33 - \$0.9975, exercise price of \$0.197467, expected life of 0.04 – 0.37 years, annualized volatility of 138.90% - 170.84%, dividend yield of 0.0%, risk-free interest rate of 1.77% - 2.11%.
- (x) In addition, warrant holders of 189,036 warrants with an exercise price of \$0.58 per share exercised their warrants for a total consideration of \$109,641. As a result, fair value of the warrant liability in the amount of \$49,231 was credited to share capital for the underlying warrants exercised. The fair value of the warrant liability in the amount of \$49,231 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33 - \$0.9975, exercise price of \$0.58, expected life of 1.73 – 2.03 years, annualized volatility of 105.40% - 111.00%, dividend yield of 0.0%, risk-free interest rate of 1.77% - 1.88%.
- (xi) Prior to the Transaction, stock option holders of 1,130,769 stock options with an exercise price of \$0.13 per share exercised their options for a total consideration of \$147,000. As a result, contributed surplus in the amount of \$133,533 was credited to share capital for the underlying options exercised.
- (xii) As disclosed in Note 3, upon closing of the Transaction, 1,379,904 common shares in the amount of \$1,376,454, 65,333 warrants in the amount of \$43,471 and 136,190 stock options in the amount of \$114,761 were deemed issued. The details of the fair value of the common shares, warrants and stock options are disclosed in Note 3.
- (xiii) Upon closing of the Transaction, all outstanding common shares, warrants and options of Enthusiast Gaming Inc. were exchanged for common shares, warrants and options of the Company on a 1:1 basis. As a result, warrants outstanding as at Transaction date were fair valued at \$9,578,951 and reclassified to warrant reserve in the consolidated statements of changes in shareholders' equity (deficiency) as warrants met the fixed for fixed criteria for equity classification. The fair value of the warrant liability was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.9975, exercise price of \$0.197467 - \$1.25, expected life of 0.27 – 1.75 years, annualized volatility of 111.00% - 147.40%, dividend yield of 0.0%, risk-free interest rate of 2.18%.
- (xiv) Subsequent to the Transaction, warrant holders of 618,830 warrants with an exercise price of \$0.197467 per share, 382,954 warrants with an exercise price of \$0.58 per share and 65,333 warrants with an exercise price of \$0.42 per share exercised their warrants for a total consideration of \$371,463. As a result, fair value of the warrants in the amount of \$794,307 was credited from warrant reserve to share capital for the underlying warrants exercised.

13. Share capital (continued)

- (xv) During the year, the Company issued 1,580,007 warrants to the Chief Executive Officer with an exercise price of \$0.197467, vesting on meeting certain performance targets and expiring on December 31, 2020. As the performance targets were met during the year, share-based compensation expense in the amount of \$1,331,800 was recognized in the consolidated statements of loss and comprehensive loss with corresponding increase in warrant reserve in the consolidated statements of changes in shareholders' equity (deficiency).
- (xvi) Subsequent to the Transaction, stock option holders of 13,619 stock options with an exercise price of \$0.42 per share exercised their stock options for a total consideration of \$5,720. As a result, an amount of \$11,476 was credited from contributed surplus to share capital for the underlying options exercised.

14. Warrants

(i) Common share warrants

As discussed in Notes 10, 11 and 13, each common share warrant entitles the holder to purchase one common share of the Company. The following table reflects the continuity of warrants for the year ended December 31, 2018 and 2017:

Common share warrant activity	December 31, 2018	Weighted average exercise price	December 31, 2017	Weighted average exercise price
Balance – beginning of year	7,948,525	\$ 0.504	1,580,007	\$ 0.197
Issued (Note 13(ii))	-	-	1,679,786	0.580
Warrants to be issued (Note 13(iii), (iv))	-	-	4,688,732	0.580
Issued (Note 13(v))	4,716,997	0.580	-	-
Issued (Note 13(viii))	3,399,650	1.600	-	-
Issued (Note 13(viii))	339,465	1.250	-	-
Exercised (Note 13(ix))	(577,554)	(0.197)	-	-
Exercised (Note 13(x))	(189,036)	(0.580)	-	-
Issued (Note 13(xii))	65,333	0.420	-	-
Exercised (Note 13(xiv))	(618,830)	(0.197)	-	-
Exercised (Note 13(xiv))	(382,954)	(0.580)	-	-
Exercised (Note 13(xiv))	(65,333)	(0.420)	-	-
Issued (Note 13(xv))	1,580,007	0.197	-	-
Issued (Note 10)	2,835,000	2.000	-	-
Issued (Note 10)	540	1,000.000	-	-
Expired	(10,136)	(0.197)	-	-
Balance – end of year	19,041,674	\$ 0.975	7,948,525	\$ 0.504

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14. Warrants (continued)

(i) *Common share warrants (continued)*

The following table summarizes information about warrants outstanding as at December 31, 2018:

Date of issuance	Date of expiry	Exercise price	December 31, 2018
February 14, 2017	February 14, 2019	\$ 0.197	50,646
April 10, 2017	April 10, 2019	0.197	84,826
June 12, 2017	June 12, 2019	0.197	101,282
June 13, 2017	June 13, 2019	0.197	101,283
June 30, 2017	June 30, 2019	0.197	35,449
November 30, 2017 to May 22, 2018	April 4, 2020	0.580	10,513,526
June 20, 2018	October 4, 2020	1.600	3,399,650
June 20, 2018	October 4, 2020	1.250	339,465
November 8, 2018	November 8, 2020	2.000	2,835,000
November 8, 2018	November 8, 2020	1000.000	540
December 31, 2018	December 31, 2020	0.197	1,580,007
		\$ 0.975	19,041,674

The following table summarizes information about warrants outstanding as at December 31, 2017:

Date of issuance	Date of expiry	Exercise price	December 31, 2017
August 31, 2016	August 31, 2018	\$ 0.197	587,690
December 28, 2016	December 28, 2018	0.197	354,492
February 14, 2017	February 14, 2019	0.197	65,834
March 22, 2017	March 22, 2019	0.197	18,231
April 10, 2017	April 10, 2019	0.197	290,426
June 12, 2017	June 12, 2019	0.197	101,282
June 13, 2017	June 13, 2019	0.197	101,283
June 30, 2017	June 30, 2019	0.197	60,769
November 30 - December 6, 2017	April 4, 2020	0.580	1,679,786
January 1 - 31, 2018	April 4, 2020	0.580	4,688,732
		\$ 0.504	7,948,525

As at December 31, 2017, the warrants were classified as a liability, as the warrants were exercised in Canadian dollars, which was different than Enthusiast Gaming Inc.'s functional currency of US dollars. The warrant liability as at December 31, 2017 was valued at \$1,167,900. The warrants fair value was determined using the Black-Scholes option pricing model with the following assumptions: share price of \$0.33, exercise price of \$0.197467 - \$0.58, expected life of 0.20 years, annualized volatility of 105.4%; dividend yield of 0.0% and risk-free interest rate of 1.68%.

As at the Transaction date, Enthusiast Gaming Inc. measured the fair value of the warrant liability in the amount of \$9,578,951 and reclassified it to warrant reserve in the consolidated statements of changes in shareholders' equity (deficiency) as warrants met the fixed for fixed criteria for equity classification. The fair value of the warrant liability was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.9975, exercise price of \$0.197467 - \$1.25, expected life of 0.27 - 1.75 years, annualized volatility of 111.00% - 147.40%, dividend yield of 0.0%, risk-free interest rate of 2.18%. As a result, the Company recorded loss on revaluation of warrant liability in the amount of \$6,480,933, which is recorded in the consolidated statements of loss and comprehensive loss.

14. Warrants (continued)

(ii) Liquidity warrants (continued)

Each liquidity warrant entitles the holder to purchase one common share of Enthusiast Gaming Inc. if Enthusiast Gaming Inc. does not file a final prospectus in relation to an initial public offering of the common shares of the within 27 months of the issuance of these warrants. As Enthusiast Gaming Inc. completed its Transaction as at September 21, 2018, these liquidity warrants expired. The following table reflects the continuity of the liquidity warrants for the years ended December 31, 2018 and 2017:

Liquidity warrant activity	December 31, 2018	Weighted average exercise price	December 31, 2017	Weighted average exercise price
Balance – beginning of year	903,206	\$ 0.0001	443,115	\$ 0.0001
Issued	-	-	460,091	0.0001
Expired	(903,206)	(0.0001)	-	-
Exercised	-	-	-	-
Balance – end of year	-	\$ -	903,206	\$ 0.0001

15. Stock options

The Company has a stock option plan (the “plan”) for directors, officers, employees and consultants of the Company. The number of common shares that may be set aside for issuance under the plan (and under all other management stock option and employee stock option plans) is limited to ten percent (10.0%) of the outstanding common shares of the Company, less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company. The board of directors has the right, from time to time, to increase such number subject to the approval of the shareholders of the Company and provided that the Company complies with the provisions of policies, rules and regulations of applicable securities legislation.

Any common shares subject to a stock option, which for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the plan, subject to applicable regulatory requirements.

Stock options granted under the plan may be exercised during a period not exceeding ten years from the date of grant, subject to earlier termination on the termination of the optionee’s employment, on the optionee’s ceasing to be an employee, officer or director of the Company or any of its subsidiaries, as applicable, or on the optionee’s retiring, becoming permanently disabled or dying, subject to certain grace periods to allow the optionee or his or her personal representative time to exercise such stock options. The stock options are non-transferable. The plan contains provisions for adjustment in the number of common shares issuable thereunder in the event of the subdivision, consolidation, reclassification or change of the common shares, a merger or other relevant changes in the Company’s capitalization. The board of directors may, from time to time, amend or revise the terms of the plan or may terminate the plan at any time.

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15. Stock options (continued)

The following table shows the movement in the stock option plan:

Measurement date	December 31, 2018			December 31, 2017		
	Number of options	Weighted average exercise price	Weighted average grant date value	Number of options	Weighted average exercise price	Weighted average grant date value
		#	\$		#	\$
Outstanding, beginning of year	4,668,472	0.16	0.19	2,577,692	0.13	0.12
Granted	186,190	0.64	0.84	2,090,780	0.20	0.27
Exercised	(1,144,388)	(0.13)	(0.13)	-	-	-
Outstanding, end of year	3,710,274	0.19	0.24	4,668,472	0.16	0.19
Options exercisable, end of year	3,072,360	0.18	0.23	3,389,182	0.16	0.16

On November 14, 2018, 50,000 stock options were granted to two directors at an exercise price of \$1.25 per share expiring in five years from the date of the grant. The stock options granted vest one-half on the date of grant and remaining one-half on the first anniversary from the grant date. The fair value of the 50,000 stock options issued had a fair value of \$40,766, of which share based compensation expense in the amount of \$23,001 was recorded for the year ended December 31, 2018.

As disclosed in Note 3, upon closing of the Transaction, 136,190 stock options in the amount of \$114,761 were deemed issued. These stock options vest immediately and were recorded in the contributed surplus in the consolidated statements of changes in shareholders' equity (deficiency). The details of the fair value of the stock options are disclosed in Note 3.

Prior to the Transaction, stock option holders of 1,130,769 stock options with an exercise price of \$0.13 per share exercised their options for a total consideration of \$147,000. As a result, contributed surplus in the amount of \$133,533 was credited to share capital for the underlying options exercised.

Subsequent to the Transaction, stock option holders of 13,619 stock options with an exercise price of \$0.42 per share exercised their stock options for a total consideration of \$5,720. As a result, an amount of \$11,476 was credited from contributed surplus to share capital for the underlying options exercised.

During the year ended December 31, 2017, the Company issued 2,090,780 stock options to officers, directors and consultants of the Company. These stock options are exercisable for a maximum period of five years from the date of the grant and stock options granted vest one-third on the date of grant, one-third on the first anniversary and the remaining one-third on the second anniversary of the date of grant. The fair value of the options granted was estimated at \$567,069, of which share based compensation expense in the amount of \$262,820 is recognized for the year ended December 31, 2018 (2017 - \$240,635).

The Company uses the fair value method to account for all share-based awards granted to employees, officers and directors. The estimated fair value of stock options granted is determined using the Black-Scholes option pricing model and is recorded as a charge in consolidated statements of loss and comprehensive loss over the vesting period of the stock options, with a corresponding increase to contributed surplus. Stock options are granted at a price equal to or above the fair value of the common shares on the day immediately preceding the date of the grant. The consideration received on the exercise of stock options is added to stated capital at the time

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15. Stock options (continued)

of exercise. The fair value of the stock options granted during the year ended December 31, 2018 and 2017 was determined using the Black-Scholes option pricing model with the following assumptions:

	2018	2017
Share price	\$1.02 - \$0.9975	\$0.33
Exercise price	\$0.42 - \$1.25	\$0.19747
Expected volatility	117.6% - 124.0%	105.4%
Expected option life	4.07 - 5.0 years	5.0 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	2.26% - 2.29%	1.68%

The following table summarizes information about the stock options outstanding and exercisable for the year ended December 31, 2018:

Options outstanding					Options exercisable		
Exercise price	Number of stock options outstanding	Weighted average exercise price per share	Weighted average remaining contractual life	Weighted average grant date fair value	Number of stock options exercisable	Weighted average exercise price per share	Weighted average grant date fair value
\$	#	\$	Years	\$	#	\$	\$
0.13	1,446,923	0.13	1.91	0.12	1,446,923	0.13	0.12
0.20	2,090,780	0.20	3.88	0.27	1,477,866	0.20	0.27
0.42	122,571	0.42	3.80	0.84	122,571	0.42	0.84
1.25	50,000	1.25	4.87	0.82	25,000	1.25	0.82
Total	3,710,274	0.19	3.12	0.24	3,072,360	0.18	0.23

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Presented in Canadian Dollars)

16. Income tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% (2017 - 26.50%) to the effective tax rate is as follows:

	2018	2017
Statutory income tax rate	26.50%	26.50%
	\$	\$
Net loss before income tax recovery	(18,410,548)	(2,393,834)
Expected income tax recovery	(4,878,795)	(634,370)
Difference in foreign tax rates	12,523	-
Tax rate changes and other adjustments	5,185	5,940
Share based compensation and non-deductible expenses	428,669	63,768
Effect of fair value adjustments	2,067,094	399,322
Effect of convertible debentures	178,325	-
Unrealized foreign exchange	(238,211)	-
Financing and share issuance costs	(322,757)	(11,200)
Change in tax benefits not recognized	2,704,523	176,540
Income tax expense	(43,444)	-

The Company's income tax recovery is allocated as follows:	\$	\$
Current tax expense	-	-
Deferred income tax recovery	(43,444)	-
Income tax expense	(43,444)	-

The following table summarizes the components of deferred tax liability:

	December 31, 2018	December 31, 2017
	\$	\$
Deferred tax asset		
Financing and share issuance costs	162,030	-
Non-capital losses carried forward	43,444	-
	205,474	-
Deferred tax liability		
Convertible debentures	402,266	-
Net deferred tax liability	(196,792)	-

Deferred income tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	December 31, 2018	December 31, 2017
Movement in net deferred tax liability:	26.50%	26.50%
Balance at the beginning of the year	-	-
Recognized in net income	(43,444)	-
Other	240,236	-
Deferred tax liability	196,792	-

16. Income tax (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2018	December 31, 2017
	\$	\$
Intangible assets	1,765,110	-
Contingent liability	230,000	-
Investments	120,000	
Financing and share issuance costs	593,230	124,720
Non-capital loss carried forward - Canada	9,083,324	1,493,780
Non-capital loss carried forward - USA	121,095	-
Other temporary differences	48,420	151,170
	11,961,179	1,769,670

Financing and share issuance costs will be fully amortized in 2022. The Company's non-capital losses expire between 2033 – 2038 and the remaining deductible temporary differences may be carried indefinitely. The Company has not recognized deferred tax asset in respect to these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

17. Loss per share

Both the basic and diluted earnings per share have been calculated using the net loss attributable to the shareholders of the Company as the numerator.

	2018	2017
Number of shares:		
Weighted average number of shares used in basic and diluted loss per share	37,459,827	15,078,593
Net loss for the year	\$ 19,159,497	\$ 2,433,105
Loss per share:		
Net loss and comprehensive loss per share, basic and diluted	\$ 0.51	\$ 0.16

18. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Information Officer. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested during the year.

18. Related party transactions and balances (continued)

Compensation provided to current and former key management are as follows:

	2018	2017
	\$	\$
Short-term benefits	575,375	287,400
Share-based compensation	1,572,167	209,030
	2,147,542	496,430
	2018	2017
	\$	\$
Total transactions during the year:		
Professional and consulting expense	333,551	8,647
Balances receivable (payable) as at December 31:		
Loans receivable	191,283	-
Accounts payable and accrued liabilities	24,912	45,961

During the year ended December 31, 2018, the Company paid consulting fees to the executive officers and their companies in the amount of \$165,410 (2017 - \$8,647). During the year ended December 31, 2018, the Company also paid consulting fees to two directors in the amount of \$168,141 (2017 - \$39,067).

The Company also have loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$49,000 each, respectively. The loans receivable bears interest at bank's prime interest rate (December 31, 2018 - 3.95%) and matures on August 1, 2019. The Company also has an additional loan receivable from the Chief Executive Officer in the amount of \$44,283, which bears interest at bank's prime interest rate (December 31, 2018 - 3.95%) and matures on August 31, 2020.

As at December 31, 2018, \$24,912 (December 31, 2017 - \$45,961) was due to related parties for unpaid expenses, unpaid salaries and consulting fees.

19. Capital Management

The Company considers its capital structure to consist of shareholders' equity, long-term debt and convertible debenture. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is a development stage entity; as such the Company is dependent on external equity financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2018 and 2017. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 1).

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Presented in Canadian Dollars)

20. Financial instruments

Fair values

The fair values of the cash, cash in trust, trade receivables, loans receivable from related parties, accounts payable and accrued liabilities, long-term debt, warrant liability and convertible debentures approximate their carrying values due to the relatively short-term nature of these financial instruments.

Cash and cash equivalents are comprised of:

	December 31, 2018	December 31, 2017
	\$	\$
Cash at bank and on hand	11,642,304	1,362,215
Cash in trust	270,387	834,260
	11,912,691	2,196,475

Cash includes demand deposits with financial institutions and cash equivalents consist of short-term, highly liquid investments purchased with original maturities of three months or less. As at December 31, 2018 and 2017, the Company had no cash equivalents.

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	2018	2017
	\$	\$
Interest income	(1,259)	-
Interest expense	124,932	-
Net interest expense	123,673	-

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, foreign currency risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

	December 31, 2018	December 31, 2017
	\$	\$
Trade receivables aging:		
0-30 days	1,071,883	552,316
31-60 days	41,640	365,482
61-90 days	797,105	106,733
Greater than 90 days	493,945	156,241
	2,404,573	1,180,772
Expected credit loss provision	(41,186)	-
Net trade receivables	2,363,387	1,180,772

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Presented in Canadian Dollars)

20. Financial instruments (continued)

Credit risk (continued)

The movement in the expected credit loss provision can be reconciled as follows:

	December 31, 2018	December 31, 2017
	\$	\$
Expected credit loss provision:		
Expected credit loss provision, beginning balance	-	-
Net provision used (recorded) during the year	(41,186)	-
Expected credit loss provision, ending balance	(41,186)	-

The following default rates are used to calculate the expected credit loss provision ("ECLs") on trade receivables as at December 31, 2018:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		0.29%	2.83%	1.88%	4.4%
Trade receivables	\$ 2,404,573	\$ 1,071,883	\$ 41,640	\$ 797,105	\$ 493,945
Expected credit loss provision	\$ 41,186	\$ 3,150	\$ 1,177	\$ 14,995	\$ 21,864

All of the Company's cash and cash equivalents are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Concentration risk

As at December 31, 2018, the Company had four customers which accounted for approximately 61.30% of its trade receivables, with these four customers also accounting for 30.03%, 11.80%, 11.29% and 10.31% of revenues, respectively, for the year ended December 31, 2018.

As at December 31, 2017, the Company had three customers which accounted for approximately 60.99% of its trade receivables, with these three customers also accounting for 38.93%, 10.51%, and 10.11% of revenues, respectively, for the year ended December 31, 2017.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained. Maturity analysis of liabilities which are due in next twelve months can be summarized as follows:

	December 31, 2018	December 31, 2017
	\$	\$
Accounts payable and accrued liabilities	3,500,232	1,469,291
Long-term debt	9,960	10,160
	3,510,192	1,479,451

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Presented in Canadian Dollars)

20. Financial instruments (continued)

Foreign currency risk

A large portion of the Company's transactions occur in a foreign currency (mainly in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated trade receivables, accounts payable and cash. As at December 31, 2018, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate \$458,000 (2017 - \$229,000) decrease or increase, respectively, in total loss and comprehensive loss.

Interest rate risk

The Company has no significant exposure as at December 31, 2018 to interest rate risk through its financial instruments.

21. Commitments

The future minimum lease payments for office space as at December 31, 2018 are as follows:

	\$
Not later than one year	36,225
Later than one year and not later than five years	38,640
	74,865

22. Segment disclosures

The Company operates in one industry segment of digital media and entertainment. The majority of the Company's assets are located in Canada and the United States ("US"). The Company sells into three major geographic centers: United States of America ("USA"), Canada and other foreign countries. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

Revenues for various services is summarized below for the year ended December 31, 2018 and 2017:

	2018	2017
	\$	\$
Advertising revenue	9,741,785	3,394,524
Ticket sales	1,189,117	-
Sponsorship revenue	39,953	-
	10,970,855	3,394,524

The sales, in Canadian dollars, in each of these geographic locations for the year ended December 31, 2018 and 2017 are as below:

	2018	2017
	\$	\$
USA	5,649,933	2,070,660
Canada	1,798,412	169,726
All other countries	3,522,510	1,154,138
	10,970,855	3,394,524

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Presented in Canadian Dollars)

22. Segment disclosures (continued)

The non-current assets, in Canadian dollars, in each of the geographic locations as at December 31, 2018 and 2017 are below:

	December 31, 2018	December 31, 2017
	\$	\$
Canada	1,166,690	1,009,388
USA	539,139	-
	1,705,829	1,009,388

23. Subsequent events

- (i) In April 2019, the Company granted 955,000 stock options to purchase common shares of the Company to employees, management, officers and consultants of the Company. Each of the stock options issued will be exercisable at \$1.25 and has a term of five years. All stock options granted are pursuant to the Company's Stock Option Plan (the "Plan") and shall vest and become fully exercisable as one-third on the date of grant, one-third on the first anniversary and the remaining one-third on the second anniversary of the date of grant (subject to a longer vesting period for certain new employees in the discretion of the Chief Executive Officer of the Corporation).
- (ii) In April 2019, the Company has through a wholly-owned subsidiary, signed a definitive agreement to purchase 20% of the issued and outstanding shares ("Purchased Shares") in Waveform Entertainment Inc. ("Waveform") for an aggregate consideration of \$1,680,000 (the "Subscription Price"). Waveform is a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide. Enthusiast has also secured an irrevocable option, at its sole discretion, to acquire a 100% interest in Waveform. (the "Buy-Out Option").

The Purchased Shares will be purchased pursuant to the terms of a share subscription agreement (the "Agreement"), among Waveform and a wholly owned subsidiary of Enthusiast created for the purpose of the transaction. Pursuant to the Agreement, Enthusiast agreed to purchase the Purchased Shares in three tranches: (i) on April 4, 2019, Enthusiast purchased 40.5% of the Purchased Shares for a portion of the Subscription Price, being \$680,000.00; (ii) Enthusiast agreed to purchase, on or before (as decided by Enthusiast) October 4, 2019, 29.75% of the Purchased Shares for a portion of the Subscription Price, being \$500,000.00; and (iii) Enthusiast agreed to purchase, on or before (as decided by Enthusiast) June 3, 2020, 29.75% of the Purchased Shares for a portion of the Subscription Price, being \$500,000.00.

Waveform and Enthusiast also entered into a Shareholders' Agreement for Waveform (the "Shareholders' Agreement"). The aggregate purchase price for all Waveform's shares, if the Buy-Out Option is exercised by Enthusiast shall be equal to the greater of: (i) four (4) times Waveform's gross revenue (as defined in the Shareholders' Agreement), multiplied by eighty percent (80%); or (ii) \$7,680,000 (the "Option Purchase Price"). The Option Purchase Price will be subject to agreed adjustments. The purchase of the Purchased Shares on the two remaining tranches, as well as the exercise of the Buy-Out Option (if exercised by Enthusiast) are subject to obtainment of all applicable regulatory approvals (including by the TSX Venture Exchange).

- (iii) In April 2019, the Company entered into a Senior Convertible Debenture Purchase Agreement (the "Agreement") to invest in Addicting Games Inc. ("Addicting Games"), one of the largest online game networks in the United States. Under the Agreement, Enthusiast will invest US\$1.5 million by way of a 3-year secured convertible debenture (the "Debenture") with interest accruing at 2% per annum which is convertible into equity at the value of Addicting Games' next equity raise. Enthusiast invested in Addicting Games to capitalize on the rapidly growing .io games sector and a new niche of lifestyle gamer that the network currently doesn't reach.

Enthusiast Gaming Holdings Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2018 and 2017

(Presented in Canadian Dollars)

23. Subsequent events (continued)

In January 2019, the Company through a wholly-owned subsidiary, signed a definitive agreement (the "Agreement") to acquire 100% of the assets of The Sims Resource ("TSR") from Generatorhallen AB and IBIBI HB (the "Vendors") on an arm's length basis for US\$18 million in cash and US\$2 million in common shares for an aggregate purchase price of US\$20 million (the "Purchase Price"). Thirty percent (30%) of the Purchase Price is payable on closing and the balance payable by the first anniversary date of closing, subject to certain customary adjustments. Completion of this acquisition is subject to satisfaction of a number of customary conditions, including the approval of the TSX Venture Exchange. The acquisition closed on April 12, 2019. The Company is still in the process of gathering information to perform a preliminary purchase price allocation.

Tova Ventures II Inc.
(A Capital Pool Corporation)

Financial statements

For the Period from the Date of Incorporation
(February 27, 2017) to December 31, 2017
(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Tova Ventures II Inc.:
(A Capital Pool Corporation)

We have audited the accompanying financial statements of Tova Ventures II Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation (February 27, 2017) to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tova Ventures II Inc. as at December 31, 2017, and its financial performance and its cash flows for the period from the date of incorporation (February 27, 2017) to December 31, 2017 in accordance with International Financial Reporting Standards.

MNP LLP

Toronto, Ontario
April 27, 2018

Chartered Professional Accountants
Licensed Public Accountants

Tova Ventures II Inc.
Statement of Financial Position
(in Canadian dollars)

December 31,
2017

Assets

Current Assets

Cash held in trust	\$354,955
Total Assets	\$354,955

Liabilities

Accrued liabilities	\$21,542
Total Liabilities	\$21,542

Shareholders' Equity

Share capital, net of issuance costs (note 3)	399,582
Deficit	(123,379)
Contributed surplus	57,210
Total Shareholder's Equity	333,413

Total Liabilities and Shareholder's Equity	\$354,955

The accompanying notes are an integral part of these financial statements.

Subsequent Events (note 7)

Approved on behalf of the Board

"Gavin Cooper"
Director

"Alan Friedman"
Director

Tova Ventures II Inc.**Statement of Loss and Comprehensive Loss****For the Period from the Date of Incorporation (February 27, 2017) to December 31, 2017**

(in Canadian dollars)

Expenses

	\$ 52,682
Professional fees	
Filing fees	\$ 27,960
Stock based compensation (note 3)	\$ 42,737

Net loss and comprehensive loss for the period \$ (123,379)

Loss per share

Basic	(0.13)
Diluted	(0.13)

Weighted average number of common shares outstanding

Basic	959,871
Diluted	959,871

The accompanying notes are an integral part of these financial statements.

Tova Ventures II Inc.
Statement of Changes in Shareholders' Equity
For the Period from the Date of Incorporation (February 27, 2017) to December 31, 2017

(in Canadian dollars)

	Number of Shares	Share Capital	Deficit	Contributed Surplus	Shareholders' Equity
Balance at February 27, 2017	-	\$ -	\$ -	\$ -	\$ -
Initial public offering (Note 3)	3,500,000	350,000	-	-	350,000
Share subscription (Note 3)	2,220,000	122,000	-	-	122,000
Cost of issuance-cash	-	(65,505)	-	-	(65,505)
Cost of issuance-share based payment	-	(18,465)	-	-	(18,465)
Exercise of warrants	75,600	11,552	-	-	11,552
Stock-based compensation	-	-	-	57,210	57,210
Net loss for the period	-	-	(123,379)	-	(123,379)
Balance December 31, 2017	5,795,600	\$ 399,582	\$ (123,379)	\$ 57,210	\$ 333,413

The accompanying notes are an integral part of these financial statements.

Tova Ventures II Inc.
Statement of Cash Flows
For the Period from the Date of Incorporation (February 27, 2017) to December 31, 2017
(in Canadian dollars)

2017

Cash provided by (used in)

Operating

Net Loss for the period	\$ (123,379)
Stock-based compensation	42,737
Change in accrued liabilities	21,542

Cash used in operating activities	(59,100)

Financing

Share subscription and initial public offering	472,000
Cost of issuance	(65,505)
Warrants Exercised	7,560

Cash provided from financing activities	414,055

Net change in cash	354,955

Cash, end of period	\$ 354,955

The accompanying notes are an integral part of these financial statements.

1. INCORPORATION AND NATURE OF OPERATIONS

Tova Ventures II Inc. ("the Company"), was incorporated under the Ontario Business Corporations Act on February 27, 2017 and is in the process for applying for status as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). On October 17, 2017 the Corporation announced that it had completed its initial public offering and that it was now defined as a Capital Pool Corporation trading under the symbol "TOVA.P".

The Company has not commenced operations and has no assets other than cash held in trust. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company, in respect of the sale of its securities, or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company, as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The registered and head office of the Company is located at 7 Coulson Avenue, Toronto, Ontario M4V 1Y3.

On April 27, 2018, the Board of Directors approved the financial statements for the period from Date of Incorporation (February 27, 2017) to December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are presented in Canadian dollars, which is the company's functional and presentation currency.

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets

The Corporation classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - non-derivative financial assets not included in the above categories are classified as available for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Corporation has classified its cash held in trust as loans and receivables.

Financial liabilities

The Corporation classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Corporation's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities - this category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement of Fair Value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Accounting Standards issued but not yet applied

Certain new mandatory standards, interpretations and amendments to existing standards, have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC"), which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The Company does not expect the impact of this standard to be material.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued

2,200,000 common shares (i)	2,200,000	\$ 122,000
3,500,000 common shares (ii)	3,500,000	350,000
75,600 common shares (iii)	75,600	7,560
Balance, December 31, 2017	5,795,600	\$ 483,552

3. SHARE CAPITAL (continued)

(i) Escrowed Shares

The Company issued 2,000,000 common shares at \$0.05 per share and 220,000 common shares at \$0.10 per share during the period for total proceeds of \$122,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 2,185,000 common shares issued to insiders will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

(ii) Initial Public Offering

On October 17, 2017, the Company completed an initial public offering ("IPO") of 3,500,000 common shares at \$0.10 per share (\$350,000). The Company entered into an agreement with Richardson GMP Limited (the "Agent") to raise \$350,000 in connection with the Company's IPO. The Company paid a commission of 10% of gross proceeds to the Agent, and granted the Agent an option to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Company's Common Shares are listed on the TSX Venture Exchange, exercisable at \$0.10 per share. The Company also paid the Agent a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering.

(iii) Exercise of Agent warrants

The Company issued 75,600 shares during the period as a result of the exercise of warrants for proceeds of \$7,560.

Options

The Corporation has established a stock option plan for its directors, officers and technical consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

3. SHARE CAPITAL (continued)

Options (continued)

The following table reflects the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price (\$)
February 27, 2017	-	-
Granted (i)	350,000	\$0.10
Granted to directors and officers (ii)	572,000	\$0.10
Exercised (Agent Options)	(75,600)	\$0.10
Balance, December 31, 2017	846,400	\$0.10

- i. On October 17, 2017, the Corporation granted 350,000 options to the Agent, which are exercisable within two years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.48%, expected volatility of 100% and an expected life of two years. The value attributed to these options was \$18,465.
- ii. On October 17, 2017, the Corporation granted 572,000 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.65%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$42,737.
- iii. The Company issued 75,600 shares during the period as a result of the exercise of 75,600 Agent warrants for proceeds of \$7,560.

The following table reflects the actual options issued and outstanding as of December 31, 2017:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
October 17, 2019	\$0.10	1.79	274,400	274,400
October 17, 2022	\$0.10	4.80	572,000	572,000
	\$0.10	3.8	846,400	846,400

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management (continued)

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash held in trust and accrued liabilities approximate fair value due to the relatively short term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

During the period ended December 31, 2017, the entity granted stock-based compensation of \$42,737 to directors and officers.

There were no other transactions with related parties and no other remuneration was paid to key management personnel during the period ended December 31, 2017.

6. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

Net loss for the period	\$ (123,379)
Expected income tax recovery	(32,695)
Permanent differences	11,325
Deferred tax assets not recognized	21,370
Income taxes recovery	-

At December 31, 2017, the Corporation had non-capital loss for income tax purposes of approximately \$94,637 which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2037. The Corporation also had approximately \$69,975 in undeducted share issuance costs, which will be expensed for tax purposes over the next five years.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable that future taxable profits will be available against which these can be deducted.

7. SUBSEQUENT EVENTS

The Company entered into a letter of intent dated January 2, 2018 (the “LOI”) with Enthusiast Gaming Inc. (“Enthusiast”), to effect a business combination of the two companies (the “Proposed Transaction”). The Proposed Transaction will be a reverse takeover of the Company by Enthusiast and its shareholders. Subject to the approval of the Exchange, the Proposed Transaction will constitute the Company's Qualifying Transaction under Exchange Policy 2.4 – Capital Pool Companies.

It is currently anticipated that the Proposed Transaction will be effected by way of a three-cornered amalgamation, share exchange, merger, amalgamation, arrangement or other similar form of transaction as is acceptable to the parties. The LOI will be superseded by definitive documentation between the Company and Enthusiast that includes customary representations, warranties conditions and covenants for transactions of this nature.



Enthusiast Gaming Holdings Inc.

(formerly Tova Ventures II Inc.)

**Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2019
(Unaudited in Canadian Dollars)**

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2019 and December 31, 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	March 31, 2019	December 31, 2018
ASSETS			
Current			
Cash	14	\$ 10,123,505	\$ 11,642,304
Cash in trust	14	70,658	270,387
Investments		125,104	-
Trade and other receivables	5	1,821,038	2,706,360
Loans receivable from related parties	12	161,265	147,000
Prepaid expenses		168,135	25,907
Total current assets		12,469,705	14,791,958
Non-current			
Property and equipment, net	6	127,673	130,410
Right-of-use asset, net		58,398	-
Loans receivable from related parties	12	43,155	44,283
Intangible assets	7	1,277,471	1,531,136
Total Assets		\$ 13,976,402	\$ 16,497,787
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	14	\$ 2,786,055	\$ 3,500,232
Current portion of long-term debt	14	7,457	9,960
Current portion of lease liability	14	20,542	-
Total current liabilities		2,814,054	3,510,192
Non-current			
Long-term debt		29,880	29,880
Long-term portion of lease liability		31,731	-
Convertible debentures	8	7,434,715	7,326,863
Deferred tax liability		196,792	196,792
Total liabilities		\$ 10,507,172	\$ 11,063,727
Shareholders' equity			
Share capital		17,845,606	16,733,136
Warrants reserve		10,160,644	10,749,946
Conversion option on convertible debentures		313,780	313,780
Contributed surplus		790,487	776,988
Accumulated other comprehensive loss		(1,173,312)	(831,664)
Deficit		(24,467,975)	(22,308,126)
Total shareholders' equity		3,469,230	5,434,060
Total liabilities and shareholders' equity		\$ 13,976,402	\$ 16,497,787

Going concern (Note 2)

Subsequent events (Note 16)

Approved by the Board of Directors of the Company

Signed: "Menashe Kestenbaum"

Signed: "Alan Friedman"

Director

Director

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended March 31,	
		2019	2018
Revenue	15	\$ 2,060,709	\$ 2,008,288
Cost of sales		1,939,994	2,267,774
Gross margin		120,715	(259,486)
Expenses			
Professional and consulting fees		658,519	620,694
Advertising and promotion		444,687	143,162
Office and general		124,847	247,307
Salaries and wages		447,830	169,055
Technology support and web development		239,671	150,565
Interest, accretion and bank charges	14	316,299	3,323
Foreign exchange gain		(243,664)	-
Gain on revaluation of warrant liability		-	(110,928)
Share-based compensation	11	28,329	69,913
Amortization and depreciation	6, 7	264,047	21,894
Total expenses		2,280,564	1,314,985
Net loss for the period		(2,159,849)	(1,574,471)
Other comprehensive income (loss)			
Foreign currency translation adjustment		(341,648)	(95,612)
Net loss and comprehensive loss for the period		\$ (2,501,497)	\$ (1,670,083)
Net loss and comprehensive loss per share,			
basic and diluted		\$ (0.06)	\$ (0.06)
Weighted average number of common shares			
outstanding, basic and diluted		44,962,860	29,432,300

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Shareholders' Equity
For the three months ended March 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Contributed surplus	Warrant reserve	Conversion option on convertible debentures	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance December 31, 2017		23,556,831	\$ 3,654,069	\$ 2,130,681	\$ -	\$ -	\$ (39,271)	\$ (3,941,022)	\$ 1,804,457
Private placements and share issuances	9(ii), (iii), (iv)	8,558,403	2,838,970	(1,555,691)	-	-	-	-	1,283,279
Shares issued for the acquisition of assets in the prior period	9(v)	300,000	53,575	(53,575)	-	-	-	-	-
Share-based compensation	11	-	-	69,913	-	-	-	-	69,913
Shares to be issued for the asset acquisitions	9(vi)	-	-	28,952	-	-	-	-	28,952
Shares to be issued for private placement	9(iv)	-	-	190,040	-	-	-	-	190,040
Other comprehensive loss		-	-	-	-	-	(95,612)	-	(95,612)
Net loss for the period		-	-	-	-	-	-	(1,574,471)	(1,574,471)
Balance March 31, 2018		32,415,234	\$ 6,546,614	\$ 810,320	\$ -	\$ -	\$ (134,883)	\$ (5,515,493)	\$ 1,706,558
Balance December 31, 2018		44,663,253	\$ 16,733,136	\$ 776,988	\$ 10,749,946	\$ 313,780	\$ (831,664)	\$ (22,308,126)	\$ 5,434,060
Shares issued upon exercise of warrants	9(vii), (viii)	961,437	1,082,040	-	(589,302)	-	-	-	492,738
Shares issued upon exercise of options	9(ix)	120,000	30,430	(14,830)	-	-	-	-	15,600
Share-based compensation	11	-	-	28,329	-	-	-	-	28,329
Other comprehensive loss		-	-	-	-	-	(341,648)	-	(341,648)
Net loss for the period		-	-	-	-	-	-	(2,159,849)	(2,159,849)
Balance March 31, 2019		45,744,690	\$ 17,845,606	\$ 790,487	\$ 10,160,644	\$ 313,780	\$ (1,173,312)	\$ (24,467,975)	\$ 3,469,230

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended March 31,	
		2019	2018
Cash flows from operations			
Net loss for the period		\$ (2,159,849)	\$ (1,574,471)
Items not affecting cash:			
Amortization and depreciation	6, 7	264,047	21,894
Share-based compensation	11	28,329	69,913
Interest and accretion expense	14	316,299	-
Interest paid		(8,721)	-
Unrealized foreign exchange gain		(492,626)	(78,857)
Gain on revaluation of warrant liability		-	(110,928)
Changes in working capital			
Changes in trade and other receivables		885,322	(467,040)
Changes in prepaid expenses		(142,227)	37,141
Changes in accounts payable and accrued liabilities		(714,177)	339,860
		(2,023,603)	(1,762,488)
Investing activities			
Purchase of investments		(125,104)	-
Cash paid for asset acquisitions	4	(26,726)	(388,631)
Acquisition of property and equipment	6	(7,787)	-
		(159,617)	(388,631)
Financing activities			
Proceeds from the issuance of shares, net of issuance costs	9(iv)	-	1,818,745
Proceeds received for shares to be issued	9(iv)	-	190,040
Repayment of long-term debt		(2,503)	-
Proceeds from exercise of warrants	9(vii), (viii)	492,738	-
Proceeds from exercise of options	9(ix)	15,600	-
Loans receivable from related parties		(13,137)	-
		492,698	2,008,785
Effect on cash held in foreign currency		(28,006)	(95,612)
Net change in cash		(1,718,528)	(237,946)
Cash, beginning of period		11,912,691	2,196,475
Cash, end of period		\$ 10,194,163	\$ 1,958,529

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

Enthusiast Gaming Holdings Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

1. Nature of Operations

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) (the “Company” or “Enthusiast”) was incorporated under the Canada Business Corporations Act on February 27, 2017 and upon incorporation was classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The registered head office of the Company is 150 Eglinton Avenue East, Suite 203, Toronto, ON, M4P 1E8.

On September 21, 2018, the Company completed a qualifying transaction with Enthusiast Gaming Inc. (“EG Inc.”), a corporation incorporated in the Province of Ontario (“Business Combination Agreement”). The Business Combination Agreement entered into between the Company, a subsidiary of the Company and EG Inc. was structured as a three-cornered amalgamation under the Business Corporations Act (Ontario) (the “Transaction”). As a result of the Transaction, EG Inc. became a wholly-owned subsidiary of the Company. The completion of the Transaction resulted in a reverse takeover and change of business for the Company (the “RTO”). The terms of the RTO required the Company to consolidate its common shares prior to the RTO on a 1:4.2 basis. The Company also exchanged 100% of the issued and outstanding securities of EG Inc. on a 1:1 basis with the then securityholders of EG Inc. for securities in the capital of the Company. Upon the completion of the Transaction, Tova Ventures II Inc. changed its name to Enthusiast Gaming Holdings Inc.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and start trading on the TSX Venture Exchange (“TSX.V”) under the symbol “EGLX”.

The Company’s principal business activity is owning and operating an online network of websites devoted to video gaming as well as Canada’s largest video-gaming expo. Between its online digital media properties, its network of partner websites, and video-gaming expo, Enthusiast engages video gaming enthusiasts online worldwide.

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 30, 2019.

2. Significant accounting policies

Basis of preparation

(i) Statement of compliance

The Company prepares its unaudited condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (“IFRS”) using the accounting policies described herein as issued by International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2018.

(ii) Basis of presentation

The unaudited condensed consolidated interim financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, except per share amounts or as otherwise noted.

These unaudited condensed consolidated interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 - “Leases” which has been applied as of January 1, 2019.

The changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended December 31, 2018 are described below in Note 2(vii).

Enthusiast Gaming Holdings Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(iii) Foreign currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of Enthusiast Gaming Holdings Inc., Hexagon Games Corp., Enthusiast Gaming Live Inc., Enthusiast Gaming Media Inc., Enthusiast Gaming Media Holdings Inc., Enthusiast Gaming Media II Holdings Inc., Enthusiast Gaming (TSR) Inc. and Enthusiast Gaming Media III Holdings Inc. is Canadian dollars and the functional currency of Enthusiast Gaming Inc., Enthusiast Gaming Media (US) Inc. and Enthusiast Gaming TSR Sweden AB is United States dollars.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive loss included in the unaudited condensed consolidated interim statements of changes in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

(iv) Basis of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries; Enthusiast Gaming Inc. (Canada), Hexagon Games Corp. (Canada), Enthusiast Gaming Live Inc. (Canada), Enthusiast Gaming Media Inc. (Canada), Enthusiast Gaming Media (US) Inc. (United States of America), Enthusiast Gaming Media Holdings Inc. (Canada), Enthusiast Gaming Media II Holdings Inc. (Canada), Enthusiast Gaming Media III Holdings Inc. (Canada), Enthusiast Gaming (TSR) Inc. (Canada) and Enthusiast Gaming TSR Sweden AB (Sweden).

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the unaudited condensed consolidated interim financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

(v) Going Concern

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary, should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$24,467,975 as at March 31, 2019 (December 31, 2018 – \$22,308,126). The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at March 31, 2019, the Company had current assets of \$12,469,705 (December 31, 2018 - \$14,791,958) to cover current liabilities of \$2,814,054 (December 31, 2018 - \$3,510,192).

2. Significant accounting policies (continued)

(vi) Significant accounting judgments, estimates and uncertainties

The preparation of unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated interim financial statements and notes to the unaudited condensed consolidated interim financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, provision for expected credit losses and calculation of warrant liability. These estimates and judgments are further discussed below:

(a) Goodwill impairment testing and recoverability of assets

The Company only has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

(b) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(c) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

2. Significant accounting policies (continued)

(vi) Significant accounting judgments, estimates and uncertainties (continued)

(d) Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

(e) Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

(f) Provision for expected credit losses ('ECLs')

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(g) Warranty liability

The Black-Scholes Option pricing model is used to determine the fair value of the warrants and utilizes subjective assumptions such as expected price volatility which is based on comparable companies, expected life of the warrant and the risk-free rate. Any changes in these input assumptions can significantly affect the fair value estimate.

(vii) Accounting standards implemented as at January 1, 2019

The Company adopted the following accounting standards which came into effect commencing January 1, 2019:

IFRS 16, Leases

The Company has adopted IFRS 16 with an initial adoption date of January 1, 2019. The Company utilized the modified retrospective method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 17, Leases and related interpretations.

IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases.

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2. Significant accounting policies (continued)

(vii) Accounting standards implemented as at January 1, 2019 (continued)

The Company has applied IFRS 16 using the modified retrospective method and has recognized the following balances as of the January 1, 2019 adoption date:

Right-of-use asset:		Property
Building lease - cost		66,741
Depreciation recognized to date		-
Net book value as at January 1, 2019	\$	66,741
Lease liability:		Property
Building lease - financing cost		66,741
Payments made to date		-
Balance as at January 1, 2019	\$	66,741

The updated accounting policies, the impact on the March 31, 2019 condensed consolidated interim financial statements, and additional disclosures are detailed as follows:

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses:

- Whether the contract involves the use of an identified asset. This can be specified explicitly or implicitly and should be physically distinct or represents substantially all of the capacity of a physically distinct asset.
- Whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Whether the Company has the right to direct use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined using the same criteria as those for property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

2. Significant accounting policies (continued)

(vii) Accounting standards implemented as at January 1, 2019 (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Reverse takeover transaction

On September 21, 2018, the Company completed its qualifying transaction (the "Transaction") in accordance with the policies of the TSX Venture Exchange (the "TSXV"), pursuant to which the security holders of Enthusiast Gaming Inc. exchanged all of the securities of Enthusiast Gaming Inc. for securities of the Company, resulting in Enthusiast Gaming Inc. becoming a wholly-owned subsidiary of the Company.

The amalgamation was accounted for in accordance with IFRS 2, Share Based-Payments. The Transaction is considered to be a reverse takeover of Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.) by Enthusiast Gaming Inc. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (shares, stock options and warrants) by Enthusiast Gaming Inc. for the net assets and eventual public listing status of the nonoperating company, Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.). The fair value of the shares issued was determined based on the fair value of the common shares issued by Enthusiast Gaming Inc. Comparative figures presented within these condensed consolidated interim financial statements are those of Enthusiast Gaming Inc.

Immediately prior to the Transaction, the Company consolidated its outstanding share capital on a 1:4.2 basis from 5,795,600 common shares to 1,379,904 common shares outstanding. Upon closing of the Transaction, all outstanding common shares, warrants and options of Enthusiast Gaming Inc. were exchanged for common shares, warrants and options of the Company on a 1:1 basis.

In conjunction with the share consolidation, the Company consolidated its outstanding stock options on a 1:4.2 basis from 572,000 options at an exercise price of \$0.10 to 136,190 options at an exercise price of \$0.42, expiring October 17, 2022. The Company also consolidated its outstanding warrants on a 1:4.2 basis from 274,400 warrants at an exercise price of \$0.10 to 65,333 warrants at an exercise price of \$0.42, expiring on October 17, 2019.

The fair value of the stock options as at September 21, 2018 was \$114,761 and was determined using the Black-Scholes Option pricing model with the following assumptions: a share price of \$0.9975, an exercise price of \$0.42, a volatility of 123.90% based on comparable companies; an expected life of 4.07 years, a dividend yield of 0%, and a risk-free interest rate of 2.29%.

The fair value of the warrants as at September 21, 2018 was \$43,471 and was determined using the Black-Scholes Option pricing model with the following assumptions: a share price of \$0.9975, an exercise price of \$0.42, a volatility of 107.80% based on comparable companies; an expected life of 1.07 years, a dividend yield of 0%, and a risk-free interest rate of 2.18%.

The fair value of the consideration is as follows:

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Consideration transferred - 1,379,904 shares @ \$0.9975	\$	1,376,454
Tova Ventures II Inc. stock options converted to resulting issuer stock options		114,761
Tova Ventures II Inc. warrants converted to resulting issuer warrants		43,471
Net working capital acquired		275,261
Listing expense	\$	1,259,425

4. Asset acquisition transactions

During the three months ended March 31, 2019, the Company entered into an asset purchase agreement with an at-arm's length party to acquire a website, which comprises a URL, domain name and website content. Total consideration paid for the asset acquisition consisted of \$26,726 in cash. In the year ended December 31, 2018 total consideration paid or payable consisted of \$1,559,650 in cash, 243,394 common shares valued in the amount of \$196,310 for total consideration of \$1,755,960. As at March 31, 2019, the Company has \$21,002 (December 31, 2018 - \$53,274) in cash consideration payable related to the IncGamers Ltd. asset acquisition that is included in accounts payable and accrued liabilities in the condensed consolidated interim statements of financial position.

Asset acquisition transactions for the year ended March 31, 2019	Date of acquisition
Planet Destiny	March 13, 2019

Asset acquisition transactions for the year ended December 31, 2018	Date of acquisition
Pixelframe LLC	February 5, 2018
Gamnesia Media	February 16, 2018
Daily Esports	March 7, 2018
Gameumentary	June 22, 2018
The Escapist	July 31, 2018
IncGamers Ltd.	July 4, 2018
Operations Sports LLC	November 13, 2018

5. Trade and other receivables

Trade and other receivables consist of the following:

	March 31, 2019	December 31, 2018
Trade receivables	\$ 1,637,068	\$ 2,404,573
HST receivable	224,312	342,973
Expected credit loss provision	(40,342)	(41,186)
	\$ 1,821,038	\$ 2,706,360

The Company recognized bad debt expense in the amount of \$nil for the three months ended March 31, 2019 and 2018.

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6. Property and equipment

		Furniture and fixtures		Computer equipment		Leasehold improvements		Total
Cost	\$		\$		\$		\$	
Balance, December 31, 2017		-		-		-		-
Additions during the year		57,565		73,581		17,439		148,585
Balance, December 31, 2018		57,565	-	73,581	-	17,439		148,585
Additions during the period		-		7,787		-		7,787
Effect of movement in exchange rates		(262)		(1,452)		(357)		(2,071)
Balance, March 31, 2019	\$	57,303	\$	79,916	\$	17,082	\$	154,301
Accumulated depreciation								
Balance, December 31, 2017		-		-		-		-
Depreciation during the year		4,980		11,887		1,308		18,175
Balance, December 31, 2018		4,980		11,887		1,308		18,175
Depreciation during the period		2,561		4,851		436		7,848
Effect of movement in exchange rates		817		(190)		(22)		605
Balance, March 31, 2019	\$	8,358	\$	16,548	\$	1,722	\$	26,628
Net book value								
Balance, December 31, 2018	\$	52,585	\$	61,694	\$	16,131	\$	130,410
Balance, March 31, 2019	\$	48,945	\$	63,368	\$	15,360	\$	127,673

During the three months ended, the Company recognized depreciation expense in the amount of \$7,848 (three months ended March 31, 2018 - \$nil), which is included in the unaudited condensed consolidated interim statements of loss and comprehensive loss. The Company also recognized depreciation expense in the amount of \$8,343 for the three months ended March 31, 2019 related to right-of-use asset.

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7. Intangible assets

		Website	Application and technology development	Trademark	Total
Cost					
Balance, December 31, 2017	\$	35,180	\$ 156,112	\$ 148,534	\$ 339,826
Additions during the year		-	-	-	-
Additions from asset acquisition transactions (Note 4)		1,755,960	-	-	1,755,960
Effect of movement in foreign exchange rates		92,488	8,061	7,670	108,219
Balance, December 31, 2018	\$	1,883,628	\$ 164,173	\$ 156,204	\$ 2,204,005
Additions during the period		-	-	-	-
Additions from asset acquisition transactions (Note 4)		26,726	-	-	26,726
Effect of movement in foreign exchange rates		(49,211)	2,120	2,016	(45,075)
Balance, March 31, 2019	\$	1,861,143	\$ 166,293	\$ 158,220	\$ 2,185,656
Accumulated amortization					
Balance, December 31, 2017		27,849	49,555	18,566	95,970
Amortization during the year		420,988	80,620	38,353	539,961
Effect of movement in foreign exchange rates		26,071	7,561	3,306	36,938
Balance, December 31, 2018		474,908	137,736	60,225	672,869
Amortization during the period		218,089	20,171	9,596	247,856
Effect of movement in foreign exchange rates		(9,992)	(1,703)	(845)	(12,540)
Balance, March 31, 2019	\$	683,005	\$ 156,204	\$ 68,976	\$ 908,184
Net book value					
Balance, December 31, 2018	\$	1,408,720	\$ 26,437	\$ 95,979	\$ 1,531,136
Balance, March 31, 2019	\$	1,178,138	\$ 10,089	\$ 89,244	\$ 1,277,471

During the three months ended, the Company recognized amortization expense in the amount of \$247,856 (three months ended March 31, 2018 - \$21,894), which is included in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

8. Convertible debentures

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On November 8, 2018, the Company issued convertible debenture units (the “Debenture Units”) for total gross proceeds of \$9,000,000 (the “Offering”).

Each Debenture Unit, issued at a price of \$1,000, is comprised of one unsecured convertible debenture (each a “Debenture” and collectively, the “Debentures”), having a principal amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 315 common share purchase warrants of the Company (each, a “Debenture Warrant”). Each Debenture is convertible into shares of the Company at a conversion price of \$1.60 per common share (the “Conversion Price”), subject to acceleration in certain events. The Debentures mature on December 31, 2021. Each Debenture Warrant entitles the holder to acquire one share at a price of \$2.00 per share for a period of two years, subject to acceleration in certain events. The Debentures and the Debenture Warrants contain customary anti-dilution provisions. The Company also issued 540 Debenture Units

8. Convertible debentures (continued)

to the brokers as part of the transaction in addition to 2,835,000 Debenture Warrants.

Beginning on March 9, 2019, the Company may, at its option, require the conversion of the then outstanding principal amount of the Debentures (plus accrued and unpaid interest thereon) at the Conversion Price on not less than 30 days’ notice, should the daily volume-weighted average trading price of the shares of the Company be greater than \$2.40 for each of seven consecutive trading days, ending five trading days prior to the applicable date.

The Company may accelerate the expiry date of the then outstanding Debenture Warrants on not less than 30 days’ notice, should the volume-weighted average trading price of the shares be greater than \$3.00 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

Upon initial recognition, the convertible debentures have been presented as a liability and the embedded conversion feature and warrants have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of \$8,074,019 is measured using a market rate of 13.0% for a similar unsecured debt without the conversion feature. The residual amount of \$925,981 was allocated proportionally based on relative fair values between conversion feature and warrants in the amount of \$615,679 and \$310,302, respectively. The fair value of the conversion feature was determined using Black-Scholes pricing model with the following assumptions: a share price of \$1.01, an exercise price of \$1.60, a volatility of 111.15%, an expected life of 3.15 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.37%. The fair value of warrants was determined using Black-Scholes pricing model with the following assumptions: a share price of \$1.01, an exercise price of \$2.00, a volatility of 110.50%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.36%.

The Company incurred cash issuance costs of \$590,580. In addition, the Company issued 540 warrants to the brokers, which are exercisable at \$1,000 per Debenture Unit for a term of 2 years. The fair value of the broker warrants in the amount of \$310,807 was determined using Black-Scholes pricing model with the following assumptions: a unit price of \$1,000, an exercise price of \$1,000, a volatility of 110.50%, an expected life of 2.0 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.36%. The total issuance costs of \$901,387 was allocated proportionally to convertible debentures, conversion feature on convertible debentures and warrants in the amount of \$808,646, \$61,663 and \$31,078, respectively.

The Company recorded deferred tax expense in the amount of \$240,236, which is offset against the value of equity portion of the conversion feature on convertible debentures in the consolidated statements of changes in equity. The convertible debentures are amortized at an effective interest rate of 16.94%. The Company recognized \$199,726 in interest expense and \$107,852 in accretion expense for the three months ended March 31, 2019. The fair value and related movement during the period for each of the components of the convertible debentures, conversion feature on convertible debentures and warrants is as follows:

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	Convertible debenture	Conversion feature on convertible debentures	Warrant reserve	Total
Initial recognition at fair value	\$ 8,074,019	\$ 615,679	\$ 310,302	\$ 9,000,000
Issuance costs	(808,646)	(61,663)	(31,078)	(901,387)
Broker warrants issued	-	-	310,807	310,807
Deferred tax expense	-	(240,236)	-	(240,236)
Accretion expense	61,490	-	-	61,490
Balance as at December 31, 2018	\$ 7,326,863	\$ 313,780	\$ 590,031	\$ 8,230,674
Accretion expense	107,852	-	-	107,852
Balance as at March 31, 2019	\$ 7,434,715	\$ 313,780	\$ 590,031	\$ 8,338,526

9. Share capital

The Company is authorized to issue an unlimited number of common shares. The Company issued common shares as described below during the three months ended March 31, 2019 and 2018:

- (i) In November and December 2017, Enthusiast Gaming Inc. closed a non-brokered private placement of 1,679,786 units at a price of \$0.47 per unit for total gross proceeds of \$789,500. Each unit was comprised of one common share and one common share purchase warrant. The warrants were exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. As the units were issued in Canadian dollars, which was different than Enthusiast Gaming Inc.'s functional currency of US dollars, warrants were presented as liability as the fixed for fixed criteria for equity classification was not met. Enthusiast Gaming Inc. incurred \$61,267 of share issuance costs relating to this issuance, of which \$42,267 had been capitalized as share issue costs, while \$19,000 was expensed as they relate to the warrant liability. The warrants issued relating to this issuance were recorded as a warrant liability in the amount of \$227,276. The fair value of the warrant liability in the amount of \$227,276 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%.
- (ii) In addition, in December 2017, Enthusiast Gaming Inc. received \$834,260 in respect of 1,775,022 units with similar terms as those disclosed in Note 9(i), which were not issued as of December 31, 2017 and as such, the value of the warrants in the amount of \$240,093 in respect of these units had been recorded as a liability and the remaining amount of \$594,167 as contributed surplus in the condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$240,093 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital in the unaudited condensed consolidated interim statements of changes in shareholders' equity.
- (iii) In November and December 2017, Enthusiast Gaming Inc. also received \$1,369,444 of cash for 2,913,710 units with similar terms as those disclosed in Note 9 (i) and (ii), which were not issued as of December 31, 2017. The fair value of the warrants in the amount of \$407,920 in respect of these units was recorded as a liability and the remaining amount of \$961,524 as contributed surplus in the condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$407,920 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital

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in the unaudited condensed consolidated interim statements of changes in shareholders' equity.

- (iv) During the three months ended March 31, 2018, Enthusiast Gaming Inc. closed additional non-brokered private placement with several closings of 3,869,671 units at a price of \$0.47 per unit for total gross proceeds of \$1,818,745. Each unit was comprised of one common share and one common share purchase warrant. The warrants are exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. The fair value of the warrants in the amount of \$535,466 in respect of these units was recorded as a liability and the remaining amount of \$1,283,279 as share capital in the unaudited condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$535,466 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 2.20 – 2.04 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.79%. The Company also received \$190,040 in gross proceeds as part of additional financing for which shares were issued subsequent to three months ended March 31, 2018.

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9. Share capital (continued)

- (v) During the three months ended March 31, 2018, the Company issued 300,000 shares in respect to the acquisition of the assets of Destructoid LLC, which was completed in June 2017. The fair value of \$53,575 was reclassified from contributed surplus to share capital in the unaudited condensed consolidated interim statements of changes in shareholders' equity.
- (vi) As disclosed in Note 4, the Company entered into two asset acquisition transactions during the three months ended March 31, 2018, which required consideration in cash and common shares. The Company issued 87,734 common shares valued at \$28,952 subsequent to three months ended March 31, 2018, which was recorded as contributed surplus in the unaudited condensed consolidated interim statements of changes in equity.
- (vii) During the three months ended March 31, 2019, warrant holders of 791,790 warrants with an exercise price of \$0.58 per share exercised their warrants for a total consideration of \$459,238. As a result, fair value of the warrants in the amount of \$485,386 was reclassified from warrant reserve to share capital for the underlying warrants exercised.
- (viii) During the three months ended March 31, 2019, warrant holders of 169,647 warrants with an exercise price of \$0.197467 per share, exercised their warrants for a total consideration of \$33,500. As a result, fair value of the warrants in the amount of \$103,916 was reclassified from warrant reserve to share capital for the underlying warrants exercised.
- (ix) During the three months ended March 31, 2019, stock option holders of 120,000 stock options with an exercise price of \$0.13 per share exercised their stock options for a total consideration of \$15,600. As a result, an amount of \$14,830 was credited from contributed surplus to share capital for the underlying options exercised.

10. Warrants

As discussed in Notes 8 and 9, each common share warrant entitles the holder to purchase one common share of the Company. The following table reflects the continuity of warrants as at March 31, 2019 and December 31, 2018:

Common share warrant activity	March 31, 2019	Weighted average exercise price	December 31, 2018	Weighted average exercise price
Balance – beginning of period	19,041,674	\$ 0.975	7,948,525	\$ 0.504
Issued	-	-	4,716,997	0.580
Issued	-	-	3,399,650	1.600
Issued	-	-	339,465	1.250
Exercised	-	-	(577,554)	(0.197)
Exercised	-	-	(189,036)	(0.580)
Issued	-	-	65,333	0.420
Exercised	-	-	(618,830)	(0.197)
Exercised	-	-	(382,954)	(0.580)
Exercised	-	-	(65,333)	(0.420)
Issued	-	-	1,580,007	0.197
Issued	-	-	2,835,000	2.000
Issued	-	-	540	1,000.000
Expired	-	-	(10,136)	(0.197)
Exercised (Note 9(viii))	(169,647)	(0.197)	-	-
Exercised (Note 9(vii))	(791,790)	(0.580)	-	-
Balance – end of period	18,080,237	\$ 1.026	19,041,674	\$ 0.975

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10. Warrants (continued)

The following table summarizes information about warrants outstanding as at March 31, 2019 and December 31, 2018:

Date of issuance	Date of expiry	Exercise price	March 31, 2019
April 10, 2017	April 10, 2019	0.197	67,102
June 13, 2017	June 13, 2019	0.197	101,288
June 30, 2017	June 30, 2019	0.197	35,449
November 30, 2017 to May 22, 2018	April 4, 2020	0.580	9,721,736
June 20, 2018	October 4, 2020	1.600	3,399,650
June 20, 2018	October 4, 2020	1.250	339,465
November 8, 2018	November 8, 2020	2.000	2,835,000
November 8, 2018	November 8, 2020	1000.000	540
December 31, 2018	December 31, 2020	0.197	1,580,007
		\$ 1.026	18,080,237

Date of issuance	Date of expiry	Exercise price	December 31, 2018
February 14, 2017	February 14, 2019	\$ 0.197	50,646
April 10, 2017	April 10, 2019	0.197	84,826
June 12, 2017	June 12, 2019	0.197	101,282
June 13, 2017	June 13, 2019	0.197	101,283
June 30, 2017	June 30, 2019	0.197	35,449
November 30, 2017 to May 22, 2018	April 4, 2020	0.580	10,513,526
June 20, 2018	October 4, 2020	1.600	3,399,650
June 20, 2018	October 4, 2020	1.250	339,465
November 8, 2018	November 8, 2020	2.000	2,835,000
November 8, 2018	November 8, 2020	1000.000	540
December 31, 2018	December 31, 2020	0.197	1,580,007
		\$ 0.975	19,041,674

11. Stock options

The Company has a stock option plan (the “plan”) for directors, officers, employees and consultants of the Company. The number of common shares that may be set aside for issuance under the plan (and under all other management stock option and employee stock option plans) is limited to ten percent (10.0%) of the outstanding common shares of the Company, less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company. The board of directors has the right, from time to time, to increase such number subject to the approval of the shareholders of the Company and provided that the Company complies with the provisions of policies, rules and regulations of applicable securities legislation.

Any common shares subject to a stock option, which for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the plan, subject to applicable regulatory requirements.

Stock options granted under the plan may be exercised during a period not exceeding ten years from the date of grant, subject to earlier termination on the termination of the optionee’s employment, on the optionee’s ceasing to be an employee, officer or director of the Company or any of its subsidiaries, as applicable, or on the optionee’s retiring, becoming permanently disabled or dying, subject to certain grace periods to allow the optionee or his or her personal representative time to exercise such stock options. The stock options are non-transferable. The plan

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contains provisions for adjustment in the number of common shares issuable thereunder in the event of the subdivision, consolidation, reclassification or change of the common shares, a merger or other relevant changes

11. Stock options (continued)

in the Company's capitalization. The board of directors may, from time to time, amend or revise the terms of the plan or may terminate the plan at any time.

The following table shows the movement in the stock option plan:

Measurement date	March 31, 2019			December 31, 2018		
	Number of options	Weighted average exercise price	Weighted average grant date value	Number of options	Weighted average exercise price	Weighted average grant date value
		\$	\$		\$	\$
Outstanding, beginning of period	3,710,274	0.19	0.24	4,668,472	0.16	0.19
Granted	-	-	-	186,190	0.64	0.84
Exercised	(120,000)	(0.13)	(0.13)	(1,144,388)	(0.13)	(0.13)
Outstanding, end of period	3,590,274	0.20	0.24	3,710,274	0.19	0.24
Options exercisable, end of period	3,130,455	0.18	0.24	3,072,360	0.18	0.23

The following table summarizes information about the stock options outstanding and exercisable as March 31, 2019:

Options outstanding					Options exercisable		
Exercise price	Number of stock options outstanding	Weighted average exercise price per share	Weighted average remaining contractual life	Weighted average grant date fair value	Number of stock options exercisable	Weighted average exercise price per share	Weighted average grant date fair value
\$	#	\$	Years	\$	#	\$	\$
0.13	1,326,923	0.13	1.66	0.12	1,326,923	0.13	0.12
0.20	2,090,780	0.20	3.63	0.27	1,649,711	0.20	0.27
0.42	122,571	0.42	3.55	0.84	122,571	0.42	0.84
1.25	50,000	1.25	4.62	0.82	31,250	1.25	0.82
Total	3,590,274	0.20	2.87	0.24	3,130,455	0.18	0.24

During the three months ended March 31, 2019, the Company recognized \$28,329 in share-based compensation (three months ended March 31, 2018 - \$69,913).

12. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Information Officer. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested

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during the period.

12. Related party transactions and balances (continued)

Compensation provided to current and former key management are as follows:

	Three months ended March 31,	
	2019	2018
	\$	\$
Short-term benefits	100,833	206,583
Share-based compensation	28,329	60,730
	129,162	267,313
	Three months ended March 31,	
	2018	2017
	\$	\$
Total transactions during the period:		
Professional and consulting expense	63,365	27,587
	March 31, 2019	
		December 31, 2018
Loans receivable	204,420	191,283
Accounts payable and accrued liabilities	22,750	24,912

During the three months ended March 31, 2019, the Company paid consulting fees to the executive officers and their companies in the amount of \$40,615 (three months ended March 31, 2018 - \$27,587). During the three months ended March 31, 2019, the Company also paid consulting fees to two directors in the amount of \$22,750 (three months ended March 31, 2018 - \$nil).

As at March 31, 2019, the Company also have loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$58,004, \$55,265 and \$47,996, respectively (December 31, 2018 - \$49,000, \$49,000 and \$49,000, respectively). The loans receivable bears interest at bank's prime interest rate (March 31, 2019 – 3.95%) and matures on August 1, 2019. The Company also has an additional loan receivable from the Chief Executive Officer in the amount of \$43,155 (December 31, 2018 - \$44,283), which bears interest at bank's prime interest rate (March 31, 2019 – 3.95%) and matures on August 31, 2020.

As at March 31, 2019, \$22,750 (December 31, 2018 - \$24,912) was due to related parties for unpaid expenses, unpaid salaries and consulting fees.

13. Capital management

The Company considers its capital structure to consist of shareholders' equity, long-term debt and convertible debenture. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is a development stage entity; as such the Company is dependent on external equity financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital

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management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2019 and 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

13. Capital management (continued)

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 2).

14. Financial instruments

Fair values

The fair values of the cash, cash in trust, investments, trade receivables, loans receivable from related parties, accounts payable and accrued liabilities, long-term debt, lease liability and convertible debentures approximate their carrying values due to the relatively short-term nature of these financial instruments.

Cash and cash equivalents are comprised of:

	March 31, 2019	December 31, 2018
	\$	\$
Cash at bank and on hand	10,123,505	11,642,304
Cash in trust	70,658	270,387
	10,194,163	11,912,691

Cash includes demand deposits with financial institutions and cash equivalents consist of short-term, highly liquid investments purchased with original maturities of three months or less. As at March 31, 2019 and December 31, 2018, the Company had no cash equivalents.

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	Three months ended March 31,	
	2019	2018
	\$	\$
Interest income	(2,784)	-
Interest expense	319,083	3,323
Net interest expense	316,299	3,323

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, foreign currency risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations.

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14. Financial instruments (continued)

Credit risk (continued)

The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Trade receivables aging:		
0-30 days	1,332,848	1,071,883
31-60 days	39,508	41,640
61-90 days	-	797,105
Greater than 90 days	264,712	493,945
	1,637,068	2,404,573
Expected credit loss provision	(40,342)	(41,186)
Net trade receivables	1,596,726	2,363,387

The movement in the expected credit loss provision can be reconciled as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Expected credit loss provision:		
Expected credit loss provision, beginning balance	(41,186)	-
Net provision used (recorded) during the period	844	(41,186)
Expected credit loss provision, ending balance	(40,342)	(41,186)

The following default rates are used to calculate the expected credit loss provision ("ECLs") on trade receivables as at March 31, 2019:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		0.29%	2.83%	1.88%	13.3%
Trade receivables	\$ 1,637,068	\$ 1,332,848	39,508	\$ -	\$ 264,712
Expected credit loss provision	\$ 40,342	\$ 3,917	\$ 1,117	\$ -	\$ 35,308

All of the Company's cash and cash equivalents are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Concentration risk

As at March 31, 2019, the Company had four customers which accounted for approximately 61.65% of its trade receivables, with these four customers also accounting for 43.03%, 14.04%, 12.25% and 9.65% of revenues, respectively, for the three months ended March 31, 2019.

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As at December 31, 2018, the Company had four customers which accounted for approximately 61.30% of its trade receivables, with these four customers also accounting for 30.03%, 11.80%, 11.29% and 10.31% of revenues, respectively, for the year ended December 31, 2018.

14. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained. Maturity analysis of liabilities which are due in next twelve months can be summarized as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Accounts payable and accrued liabilities	2,786,055	3,500,232
Long-term debt	7,457	9,960
Lease liability	20,542	-
	2,814,054	3,510,192

Foreign currency risk

A large portion of the Company's transactions occur in a foreign currency (mainly in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated trade receivables, accounts payable and cash. As at March 31, 2019, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate \$325,000 (December 31, 2018 - \$198,000) decrease or increase, respectively, in total loss and comprehensive loss.

Interest rate risk

The Company has no significant exposure as at March 31, 2019 to interest rate risk through its financial instruments.

15. Segment disclosures

The Company operates in one industry segment of digital media and entertainment. The majority of the Company's assets are located in Canada and the United States ("US"). The Company sells into three major geographic centers: United States of America ("USA"), Canada and other foreign countries. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

Revenues for various services is summarized below for the three months ended March 31, 2019 and 2018:

	Three months ended March 31,	
	2019	2018
	\$	\$
Advertising revenue	2,060,709	1,571,769
Ticket sales	-	436,519
	2,060,709	2,008,288

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15. Segment disclosures (continued)

The sales, in Canadian dollars, in each of these geographic locations for the three months ended March 31, 2019 and 2018 are as below:

	Three months ended March 31,	
	2019	2018
	\$	\$
USA	1,139,572	980,056
Canada	94,793	497,950
All other countries	826,344	530,282
	2,060,709	2,008,288

The non-current assets, in Canadian dollars, in each of the geographic locations as at March 31, 2019 and December 31, 2018 are below:

	March 31, 2019	December 31, 2018
	\$	\$
Canada	1,060,043	1,166,690
USA	446,654	539,139
	1,506,697	1,705,829

16. Subsequent events

- (i) In April 2019, the Company granted 955,000 stock options to purchase common shares of the Company to employees, management, officers and consultants of the Company. Each of the stock options issued will be exercisable at \$1.25 and has a term of five years. All stock options granted are pursuant to the Company's Stock Option Plan (the "Plan") and shall vest and become fully exercisable as one-third on the date of grant, one-third on the first anniversary and the remaining one-third on the second anniversary of the date of grant (subject to a longer vesting period for certain new employees in the discretion of the Chief Executive Officer of the Corporation).
- (ii) In April 2019, the Company has through a wholly-owned subsidiary, signed a definitive agreement to purchase 20% of the issued and outstanding shares ("Purchased Shares") in Waveform Entertainment Inc. ("Waveform") for an aggregate consideration of \$1,680,000 (the "Subscription Price"). Waveform is a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide. Enthusiast has also secured an irrevocable option, at its sole discretion, to acquire a 100% interest in Waveform. (the "Buy-Out Option").

The Purchased Shares will be purchased pursuant to the terms of a share subscription agreement (the "Agreement"), among Waveform and a wholly owned subsidiary of Enthusiast created for the purpose of the transaction. Pursuant to the Agreement, Enthusiast agreed to purchase the Purchased Shares in three tranches: (i) on April 4, 2019, Enthusiast purchased 40.5% of the Purchased Shares for a portion of the Subscription Price, being \$680,000.00; (ii) Enthusiast agreed to purchase, on or before (as decided by Enthusiast) October 4, 2019, 29.75% of the Purchased Shares for a portion of the Subscription Price,

being \$500,000.00; and (iii) Enthusiast agreed to purchase, on or before (as decided by Enthusiast) June 3, 2020, 29.75% of the Purchased Shares for a portion of the Subscription Price, being \$500,000.00.

17. Subsequent events (continued)

Waveform and Enthusiast also entered into a Shareholders' Agreement for Waveform (the "Shareholders' Agreement"). The aggregate purchase price for all Waveform's shares, if the Buy-Out Option is exercised by Enthusiast shall be equal to the greater of: (i) four (4) times Waveform's gross revenue (as defined in the Shareholders' Agreement), multiplied by eighty percent (80%); or (ii) \$7,680,000 (the "Option Purchase Price"). The Option Purchase Price will be subject to agreed adjustments. The purchase of the Purchased Shares on the two remaining tranches, as well as the exercise of the Buy-Out Option (if exercised by Enthusiast) are subject to obtainment of all applicable regulatory approvals (including by the TSX Venture Exchange).

- (iii) In April 2019, the Company entered into a Senior Convertible Debenture Purchase Agreement (the "Agreement") to invest in Addicting Games Inc. ("Addicting Games"), one of the largest online game networks in the United States. Under the Agreement, Enthusiast will invest US\$1.5 million by way of a 3-year secured convertible debenture (the "Debenture") with interest accruing at 2% per annum which is convertible into equity at the value of Addicting Games' next equity raise. Enthusiast invested in Addicting Games to capitalize on the rapidly growing .io games sector and a new niche of lifestyle gamer that the network currently doesn't reach.
- (iv) In January 2019, the Company through a wholly-owned subsidiary, signed a definitive agreement (the "Agreement") to acquire 100% of the assets of The Sims Resource ("TSR") from Generatorhallen AB and IBIBI HB (the "Vendors") on an arm's length basis for US\$18 million in cash and US\$2 million in common shares for an aggregate purchase price of US\$20 million (the "Purchase Price"). Thirty percent (30%) of the Purchase Price is payable on closing and the balance payable by the first anniversary date of closing, subject to certain customary adjustments. Completion of this acquisition is subject to satisfaction of a number of customary conditions, including the approval of the TSX Venture Exchange. The acquisition closed on April 12, 2019. The Company is still in the process of gathering information to perform a preliminary purchase price allocation.

APPENDIX 14
ENTHUSIAST GAMING HOLDINGS INC. MANAGEMENT DISCUSSION AND ANALYSIS

**Management Discussion And Analysis For The Fiscal Year
Ended December 31, 2018**

and

**Management Discussion And Analysis For The Fiscal Year
Ended December 31, 2017**

and

**Management Discussion And Analysis For The Three Months
Ended March 31, 2019**



**Enthusiast Gaming Holdings Inc.
(Formerly Tova Ventures II Inc.)**

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**



Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.)

Management Discussion and Analysis

For the three and twelve month periods ended December 31, 2018

Management's Discussion And Analysis

The following discussion and analysis is management's assessment of the results and financial condition of Enthusiast Gaming Holdings Inc. (formally Tova Ventures II Inc.) (collectively, "Enthusiast", "we" or the "Company").

The following information should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 and the notes to those consolidated financial statements, all of which are available on Enthusiast's issuer profile on SEDAR at www.sedar.com.

The date of this management's discussion and analysis ("MD&A") is April 29, 2019. The Company's comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are stated in Canadian Dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "risks and uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.)

Management Discussion and Analysis

For the three and twelve month periods ended December 31, 2018

Description of Enthusiast Gaming Holdings Inc.

Enthusiast (TSXV: EGLX, OTCQB: EGHIF), is a gaming company building the largest community of authentic lifestyle gamers. The Company has an online network of over 85, owned and affiliated, gaming related websites reaching 75 million monthly visitors and a network of 900 YouTube channels reaching an additional 50 million visitors. The Company also owns and operates Canada's largest video-gaming expo, Enthusiast Gaming Live Expo "EGLX". Between its online digital media properties, its network of partner websites, and video gaming expo, Enthusiast engages gaming enthusiasts worldwide. The Company was incorporated February 27, 2017 under the Canada Business Corporations Act and listed on the Toronto Venture Stock Exchange (the "Exchange") on October 4, 2018 under the symbol "EGLX" and listed on the OTCQB under the symbol "EGHIF" on January 23, 2019.

Business Products and Services

Enthusiast's products and services fall into three principal segments: content, advertising and events.

Content

The network contains news, reviews, videos, live streams, blog posts, tips, chats, message boards, and other video-gaming related content. Central to Enthusiast's ability to create valuable advertising space is the ability to both develop content rich digital media and foster the interaction and contributions from the community with gaming rich content. Enthusiast possesses a network of full and part-time content creators to develop robust, regular content updates across its platform which focus on new developments in the world of video games, in the form of videos, articles, blog posts, and other content.

Gaming communities are drawn to different aspects and forms of content on Enthusiast's network of websites. Part of Enthusiast's strategy is to acquire profitable video gaming websites with differentiating content from the current portfolio, providing valuable, relevant content for any gaming enthusiast.

Advertising

For any publishing company, the key mission is to build a dedicated following of engaged visitors and brands are looking for high levels of engagement within a target market to run successful advertising campaigns. Enthusiast has amassed a network of engaged, lifestyle gamers that has become a leading advertising platform for brands targeting the gamer demographic. Enthusiast's network is generating over 30 billion advertisement ("ad") requests a month which are exclusively monetized by the Company. The majority of Enthusiast's revenue is driven by programmatic advertising across the platform. Enthusiast has built out a direct sales team to foster key relationships and drive revenue. The direct sales team is also responsible for developing long term clients looking for integrated advertising solutions across Enthusiast's brands.

Events

Enthusiast started in person gaming meet ups in 2014 at a local pub in Toronto to engage the gaming community through personal interactions. As the meet ups continued to grow in popularity and size, the venue also grew to accommodate the increase in numbers. These small meet ups quickly escalated to a university, and then eventually, to an exhibition hall. Over the years, these meet ups graduated into EGLX.

In 2018, approximately 55,000 people attended EGLX and the Company continues to explore opportunities to grow its events division to coincide with the significant growth of its network online.

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.)

Management Discussion and Analysis

For the three and twelve month periods ended December 31, 2018

Completion of Business Transaction (“RTO”) and Concurrent Private Placement

On September 21, 2018, the Company completed a qualifying transaction with Enthusiast Gaming Inc. (“EG Inc.”), a corporation incorporated in the Province of Ontario (“Business Combination Agreement”). The Business Combination Agreement entered into between the Company, a subsidiary of the Company and EG Inc. was structured as a three-cornered amalgamation (the “Amalgamation”) under the Business Corporations Act (Ontario) (the “Transaction”). As a result of the Transaction, EG Inc. became a wholly-owned subsidiary of the Company. The completion of the Transaction resulted in a reverse takeover and change of business for the Company (the “RTO”). The terms of the RTO required the Company to consolidate its common shares prior to the RTO on a 1:4.2 basis. The Company also exchanged 100% of the issued and outstanding securities of EG Inc. on a 1:1 basis with the then securityholders of EG Inc. for securities in the capital of the Company.

Upon closing of the Amalgamation, the Company had 43,479,785 Common Shares issued and outstanding and 19,027,672 Common Shares reserved for issuance. The Common Shares reserved for issuance include 15,353,779 warrants and 3,673,893 stock options. As at the date of the Transaction, the former shareholders of EG Inc. owned approximately 96.8% of the Common Shares and shareholders of the former Tova Ventures II Inc. held approximately 3.2% of the Common Shares. Additionally, upon the completion of the Transaction, the former Tova Ventures II Inc. changed its name to Enthusiast Gaming Holdings Inc.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and start trading on the TSX Venture Exchange (“TSX.V”) under the symbol “EGLX”. The Company’s principal business activity is owning and operating an online network of websites devoted to video gaming as well as Canada’s largest video-gaming expo. Between its online digital media properties, its network of partner websites, and video-gaming expo, Enthusiast engages video gaming enthusiasts online worldwide.

In anticipation of the Transaction, EG Inc. closed securities offering of 6,799,300 units at a price of \$1.25 per unit (“RTO Unit”) for total gross proceeds of \$8,499,125. Each RTO Unit is comprised of one common share and one-half of one common share purchase warrant (each full common share purchase warrant, an “RTO Warrant”). The RTO Warrants are exercisable for \$1.60 per common share from the date of issuance until such date as is 24 months following the completion of a going-public transaction, subject to adjustment and acceleration.

Directors and Executive Team

In connection with the completion of the Transaction, Enthusiast’s board of directors is now as follows: Menashe Kestenbaum, Meir Bulua, Alan Friedman (Chairman of the Board), Chris Frostad (Independent) and Ben Colabrese (Independent). The independent Audit Committee of the Company is comprised of Chris Frostad (Chair), Ben Colabrese and Alan Friedman. The independent Compensation Committee of the Company is comprised of Ben Colabrese (Chair), Alan Friedman and Chris Frostad.

In addition, the Company’s executive management team is as follows:

Menashe Kestenbaum – Founder, Chief Executive Officer and President
Eric Bernofsky – Chief Operating Officer and Senior VP, Finance
Gadi Levin – Chief Financial Officer
Meir Bulua – Chief Information Officer

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.)

Management Discussion and Analysis

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Listing on the Toronto Venture Stock Exchange

On October 4, 2018, Enthusiast commenced trading on the Toronto Venture Stock Exchange under the symbol “EGLX”. The listing was a significant milestone for the Company, and the access to institutional capital is important to execute on Enthusiast’s growth plan through strategic acquisitions.

Listing on the OTCQB

On January 23, 2019, the Company’s common shares commenced trading on the OTCQB Venture Market (“OTCQB”), under the symbol “EGHIF”. Currently, over half of the network traffic is generated from the US and many of Enthusiast’s key partners and affiliates are US based, making the OTCQB listing an exciting next step in the Company’s North American expansion strategy.

Enthusiast Gaming Strategic Growth Priorities

Fiscal 2018 was a transition year for Enthusiast. The Company completed seven strategic acquisitions, raised more than \$20,000,000 in capital, completed its go public transaction via RTO (reverse take-over), increased revenue by 223% and attracted approximately 55,000 gaming enthusiasts to its live events. Perhaps the most important accomplishment of the year; however, was laying the foundation to building the leading, vertically integrated video gaming media and esports company.

Seeds were planted in 2018 that ultimately led to three significant events in the first half of 2019 including; (1) the acquisition of The Sims Resource, the largest female video gaming website in the world, with over 2.5 billion monthly page views, (2) North American sales expansion with the opening of a US based sales office to capitalize on the epicentre of the video game publisher and advertising markets, and (3) significant investments in Waveform Entertainment, a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide and Addicting Games, one of the largest multi-player, online game networks in the United States.

Gains in publisher growth in the Enthusiast Advertising Network, significant momentum achieved in the Company’s live events in 2018 combined with the recent events in 2019 have positioned Enthusiast to capitalize on the rapidly growing video game market.

Publisher Growth

Since early 2016, a main pillar of the Company’s core strategy has been consistent and focused on building out its Publisher Advertising Network. At December 31, 2018 the Company managed the advertising sales and monetization of more than 85 publisher sites, and will continue to add several larger website to the Enthusiast network in 2019.

Acquisitions

Enthusiast’s defined growth strategy consists of continued organic growth and strategic growth through accretive acquisitions which will increase EBITDA and top line revenue. Following two successful acquisitions in 2017 (onlySP and Destructoid), the Company completed seven more acquisitions in 2018, including:

On February 5, 2018, the Company acquired all the assets of Pixelfame, a suite of video game content focused Facebook pages.

On February 16, 2018 – Enthusiast acquired all the assets of Gamnesia Media (“Gamnesia”). Gamnesia is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

Enthusiast Gaming Holdings Inc. (formerly Tova Ventures II Inc.)

Management Discussion and Analysis

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On March 7, 2018 – Enthusiast acquired all the assets of www.dailyesports.tv (“Daily Esports”). Daily Esports is an online content platform covering the latest news and opinions about the E-Sports industry. The acquisition of Daily Esports greatly increases Enthusiast’s coverage of the esports industry.

On June 22, 2018 - Enthusiast acquired all the assets of Gameumentary, a video games journalism outlet that produces video game documentaries.

On July 4, 2018 - Enthusiast acquired the IncGamers Brand (“IncGamers”), which includes the PC Invasion and Diablo brands, and all related assets. IncGamers is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

On July 31, 2018 - Enthusiast acquired Escapist Magazine (“Escapist”), a leading online magazine covering mostly video games as well as movies, comics, TV, and more. With approximately 6.5 million monthly viewers, the acquisition significantly grows Enthusiast’s network and continues to enhance the company’s growth strategy as the fastest growing community of online gamers.

On November 13, 2018 - Enthusiast acquired the assets of Operation Sports, one of the largest online sports video gaming news and community forums, through the Company’s wholly-owned subsidiary, EG Inc. The site reaches approximately 1 million unique visitors per month and has 50 million pages viewed year-to-date according to Google Analytics. In addition, the site has a thriving forum community of over 900,000 registered members who have written 14 million posts to date.

Revenue Optimization

Since its inception, the Company has been developing its know how in the area of adtech and programmatic optimization tools, through a combination of internal development and third-party software tools. Further, in 2018 the Company entered into several new supply side platform (SSP) relationships that contributed to increases in sell through rates and revenue performance. The Company continues to invest in new adtech tools and expertise and expects to be able to achieve further revenue optimization in 2019.

Live Event Activations

Following the buyout of its 50/50 joint venture partner in late 2017, the Company’s wholly-owned EGLX subsidiary successfully hosted two major events in 2018. The first event was held at The International Centre in March which attracted 24,000 attendees and exhibitors and welcomed Bell Canada as its title sponsor for the first time. Building on the momentum, the Company moved its event to the larger Metro Toronto Convention Centre in October and welcomed over 30,000 more attendees and exhibitors over the three-day event, selling out on Saturday and reaching venue capacity.

The October 2018 EGLX expanded its sponsorship partners to include, Bell, Nintendo, Warner Brothers, Alibaba, eBay, LG, HP, Microsoft, Cineplex, Sun Life Financial and OverActive Media, while also hosting Canada’s largest esports tournament, WESG Finals - the World Electronic Sports Games “WESG”, Olympic-style esports competition. EGLX attendees had the opportunity to meet and play with celebrities and gaming enthusiasts including Mitch Marner of the Toronto Maple Leafs, Greg Miller and Nick Scarpino of Kinda Funny, Naomi Kyle of Everybody Games, and the Heads-Up Daily team.

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Combined, the two 2018 events reached over 1 million online viewers, watching live streams of its esports competitions on Twitch as well as the Company's digital properties. Plans are already underway on the EGLX 2019 season which are expected to include a number of preliminary events leading up to a larger event in October in Toronto. Further, the Company is actively exploring a US expansion for its Live events in 2020. Subsequent to the year-end, Enthusiast announced it had agreed to purchase a 20% interest in Waveform Entertainment ("Waveform"), a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide.

Significant Events Subsequent to the Year End

January 7, 2019 – Enthusiast announced the acquisition of The Sims Resource (TSR), the largest female video gaming website in the world, with over 2.5 billion monthly page views. On April 12, 2019, Enthusiast closed the acquisition of The Sims Resource.

January 23, 2019 - Enthusiast entered into a representation agreement with Blue Ant Media and Omnia Media (Blue Ant subsidiary). The Company will represent all Omnia Media's platform of YouTube channels which creates, manages and operates a multi-channel YouTube network that distributes premium, original content targeting the video game and millennial segments. With over 50 million monthly visitors, 400 million subscribers across 900 channels, Omnia's network is one of the most highly visited destinations on YouTube for video game related content.

February 6, 2019 – Enthusiast opened a San Francisco sales office and on April 1, 2019 welcomed its first LA based senior sales representative to drive advertising sales and brand partnerships with in the highly coveted California market, where a large number of ad agencies and game publishers are located. Prior to the opening of its US sales offices, most of Enthusiast's revenue was generated from programmatic advertising. The launch of the West Coast offices will allow the Company to monetize website traffic more efficiently and effectively through direct brand and agency relationships.

March 5 and 7, 2019 - Enthusiast announced dates for EGLX 2019 to be held on October 18-20, 2019 at the Metro Toronto Convention Centre. Second, Enthusiast launched its own esports tournament and entertainment series, called "EGLX Rising Stars". The series will leverage the distribution of its online network and the tens of thousands of attendees at its live video game expo, EGLX. The tournament will begin this summer and end with grand finals at EGLX 2019 in October.

The unique series aims to discover up and coming talent in the esports industry and follow their personal and professional journey as they compete to be recognized as the next big esports superstar and win a large grand prize. Enthusiast currently has over 400 major gaming influencers within its online communities and will invite some of its top talent to lead the teams of aspiring participants as they battle to gain the same notoriety as the celebrities. The series will capture footage of the esports professionals as they interact with the Rising Stars for the viewing enjoyment of the entire esports industry. Fans will be able to watch the journey unfold as episodic content on Enthusiast's online network, live streams during the event, and in the audience at EGLX in Toronto.

The traditional focus of esports events is limited to only broadcasting the live competitive match with commentators. Through Enthusiast's content distribution platforms, The Rising Stars series will disrupt the current model, and include entertaining online and live content, such as, player narratives and storylines; behind the scenes footage of influencer personalities; and an overall unique spectator experience. The company intends for the content to be enjoyed and viewed beyond the event itself, throughout the year.

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April 9, 2019 - Enthusiast announces agreement to purchase 20% interest in Waveform Entertainment (“Waveform”), a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide. Enthusiast has also secured an irrevocable option, at its sole discretion, to acquire a 100% interest in Waveform.

April 11, 2019 - Enthusiast invests in Addicting Games, one of the largest multi-player, online game networks in the United States. The Company also announced a representation agreement in which Enthusiast will exclusively monetize 100% of the 10M million gamers Addicting Games reaches monthly.

Non Brokered Convertible Debenture Private Placement

On November 8, 2018, Enthusiast completed an over-subscribed, non-brokered private placement of convertible debenture units for total gross proceeds of \$9,000,000. Canaccord Genuity Corp. (“Canaccord Genuity”) acted as advisors to the Company with respect to the Offering. The closing of the oversubscribed financing was largely due to the demand of existing shareholders and demonstrates a high-level of confidence in Enthusiast’s unique business model. Funds from this financing will be used to complete significant acquisitions to increase top line revenue and EBITDA.

Each Unit, issued at a price of \$1,000, was comprised of one unsecured convertible debenture (each a “Debenture” and collectively, the “Debentures”), having a principle amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 315 common share purchase warrants of the Company. Each Debenture is convertible into common shares of the Company (each, a “Common Share”) at a conversion price of \$1.60 per Common Share (the “Conversion Price”), subject to acceleration in certain events. The Debentures mature on December 31, 2021. Each Warrant entitles the holder to acquire one Common Share at a price of \$2.00 per Common Share for a period of two years, subject to acceleration in certain events. The Debentures and the warrants contain customary anti-dilution provisions.

Beginning on March 9, 2019, the Company may, at its option, require the conversion of the then outstanding principle amount of the Debentures (plus accrued and unpaid interest thereon) at the Conversion Price on not less than 30 days’ notice, should the daily volume-weighted average trading price of the Common Shares be greater than \$2.40 for each of seven consecutive trading days, ending five trading days prior to the applicable date.

The Company may accelerate the expiry date of the then outstanding warrants on not less than 30 days’ notice, should the volume-weighted average trading price of the Common Shares be greater than \$3.00 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

Each Debenture ranks pari passu in right of payment of principle and interest with all other Debentures issued under the Offering.

The Debentures and warrants issued pursuant to the Offering and any Common Shares issued on conversion of the Debentures or exercise of the warrants will be subject to a statutory hold period in Canada of four months and one day following the closing of the Offering in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.

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Other Significant Equity Issuances

During the twelve months ended December 31, 2018, the Company issued shares as follows:

- the Company completed a non-brokered private placement with several closings, of 11,085,515, units at a price of \$0.47 per unit (the “Unit”) for gross proceeds of \$5,210,193, including funds held in trust in December 2017. Each Unit was comprised of one common share and one common share purchase warrant. The warrants are exercisable for \$0.58 per common share from the date of issuance until such date as is 18 months following the completion of a going-public transaction.
- 577,554 warrants were exercised at \$0.194767 per warrant for a total consideration of \$113,778, for which the Company issued 577,554 shares.
- 189,036 warrants were exercised at \$0.58 per warrant for a total consideration of \$109,641, for which the Company issued 189,036 shares.
- 1,130,769 options were exercised at \$0.13 per option for a total consideration of \$147,000, for which the Company issued 1,130,769 shares.
- 300,000 shares were issued in respect to the acquisition of the assets of Destructoid LLC, which was completed in June 2017.
- 243,394 shares were issued in respect of asset acquisitions that were completed during the twelve months ended December 31, 2018.
- on November 14, 2018, 50,000 options were granted to two directors at an exercise price of \$1.25 per option. 50% of the options vest on the date of grant; and the other 50% vest on the date which is one year from the date the options were granted. The options expire five years from the grant date.
- the Company closed securities offering in June 2018 of 6,799,300 units at a price of \$1.25 per unit for total gross proceeds of \$8,499,125. Each unit is comprised of one common share and one-half of one common share purchase warrant. The warrants are exercisable for \$1.60 per common share from the date of issuance until such date as is 24 months following the completion of a going-public transaction.
- subsequent to the Transaction, 618,830 warrants with an exercise price of \$0.197467 per share, 382,954 warrants with an exercise price of \$0.58 per share and 65,333 warrants with an exercise price of \$0.42 per share were exercised for a total consideration of \$371,463.
- 1,580,007 warrants were issued to the Chief Executive Officer with an exercise price of \$0.197467, vesting on meeting certain performance targets and expiring on December 31, 2020.
- subsequent to the Transaction, 13,619 stock options with an exercise price of \$0.42 per share were exercised for a total consideration of \$5,720.

Proposed Transactions

Management periodically enters into informal discussions with prospective business partners in the normal course of business. However, management does not believe that any of these discussions constitute proposed transactions for the purpose of this report.

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Financial Review

The following financial data prepared in accordance with IFRS in Canadian dollars is presented for the three and twelve month periods ended December 31, 2018 and 2017.

	For the three months ended December 31		For the twelve months ended December 31	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	\$ 3,583,005	2,375,754	\$ 10,970,855	\$ 3,394,524
Cost of Sales	2,001,155	1,536,066	9,428,575	2,881,869
Gross Margin	1,581,850	839,688	1,542,280	512,655
Expenses				
Professional and consulting fees	2,308,904	311,700	4,102,108	463,480
Advertising and promotion	1,703,704	7,548	2,329,604	14,475
Office and general	659,544	77,955	1,083,473	142,594
Salaries and wages	385,750	148,368	954,866	346,569
Technology support and web development	465,847	120,596	703,439	120,596
Interest, accretion and bank charges	198,681	(1,724)	217,048	3,888
Bad debt	104,141	-	104,141	-
Foreign exchange gain	(343,498)	-	(343,498)	-
Loss on revaluation of warrant liability	2,221,699	1,339,872	6,480,933	1,339,872
Share-based compensation	1,405,553	223,796	1,617,621	240,635
Listing expense	(365,000)	-	1,259,425	-
Goodwill impairment	765,532	-	765,532	-
Amortization and depreciation	516,028	58,097	558,136	67,380
Loss on investment	120,000	167,000	120,000	167,000
Total expenses	10,146,885	2,453,208	19,952,828	2,906,489
Net loss for the period before income tax recovery	(8,565,035)	(1,613,520)	(18,410,548)	(2,393,834)
Deferred income tax recovery	(43,444)	-	(43,444)	-
Net loss for the period	(8,521,591)	(1,613,520)	(18,367,104)	(2,393,834)
Other comprehensive loss				
Foreign currency translation adjustment	(507,488)	(39,271)	(792,393)	(39,271)
Net loss and comprehensive loss for the year	\$ (9,029,079)	(1,652,791)	\$ (19,159,497)	(2,433,105)
Net loss and comprehensive loss per share,				
basic and diluted	\$ (0.21)	(0.11)	\$ (0.51)	\$ (0.16)
Weighted average number of common shares				
outstanding, basic and diluted	43,704,133	15,078,593	37,459,827	15,078,593

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Three months ended December 31, 2018 compared to the three months ended December 31, 2017

Revenues

For the three months ended December 31, 2018, revenue increased 51% to \$3,583,005 compared to \$2,375,754 for the three months ended December 31, 2017. The increase in revenues was a result of both higher digital advertising revenue in the period as well as revenue derived from the Company's EGLX live event in the period. Higher advertising rates particularly around Black Friday and the December Holiday spending periods contributed to the growth in advertising revenue. The overwhelming majority of revenue growth in the period was generated via organic growth, both through increases in the number of websites in the Enthusiast Network as well as the Company achieving higher sell-through rates via economies of scale.

Cost of sales

For the three months ended December 31, 2018, cost of sales amounted to \$2,001,155 compared to \$1,536,066 for the three months ended December 31, 2017. The increase in cost of sales in Q4 2018 is as a result of increased revenue share associated with a higher number of websites the Company monetized over the period. Gross margin as a percentage of sales, however increased to 44% from 35% in the period, mainly impacted by higher sell-through rates and revenue optimization initiatives.

Expenses

For the three months ended December 31, 2018, expenses amounted to \$10,146,885 compared to \$2,453,208 for the three months ended December 31, 2017. The increase is primarily due to the scaling up of operations as well as costs associated with the RTO transaction and change in fair value of the warrant liability. The Company incurred one-time expenses in the quarter, related to its RTO transaction, including legal, regulatory, professional and financing fees, share-based compensation, in addition to one-time due diligence costs associated with its acquisition pipeline.

Net loss for the period

For the three months ended December 31, 2018, the net loss amounted to \$8,565,035 compared to a net loss of \$1,613,520 for the three months ended December 31, 2017. The increase in 2018 is primarily as a result of increased operations, RTO costs and the change in fair value of warrant liability.

Twelve months ended December 31, 2018 compared to the twelve months ended December 31, 2017

Revenues

For the twelve months ended December 31, 2018, revenue increased 223% to \$10,970,855 compared to \$3,394,524 for the twelve months ended December 31, 2017. The increase in revenues in 2018 is primarily as a result of higher digital advertising revenue in the period as well as revenue derived from the Company's EGLX live events. The overwhelming majority of revenue growth in the period was generated via organic growth, through (1) increases in the number of websites in the Enthusiast Network, (2) the Company achieving higher sell-through rates via economies of scale and (3) increased ticket sales and sponsorship revenue from its EGLX live event series.

Cost of sales

For the twelve months ended December 31, 2018, cost of sales amounted to \$9,428,575 as compared to \$2,881,869 for the twelve months ended December 31, 2017. The increase in cost of sales in 2018 is as a result of increased revenue share associated with a higher number of websites the Company monetized over the period. Gross margin as a percentage of sales remained relatively flat at 14-15% for the year as the Company continued developing its strategy of building its rapidly growing Community of Gamers through industry leading revenue share rates with its network affiliated partner websites. As the Company continues its acquisition strategy, which will see the mix of revenue shift more to owned and operated from network, gross margin will continue to rise.

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Expenses

For the twelve months ended December 31, 2018, expenses amounted \$19,952,828 as compared to \$2,906,489 for the twelve months ended December 31, 2017. The increase is primarily due to the scaling up of operations, including building out its technology team, as well as costs associated with the RTO transaction and the change in fair value of the warrant liability. The Company incurred one-time expenses of approximately \$12.4M in the year, related non-cash accounting costs, its RTO transaction, including legal, regulatory, professional and financing fees, in addition to one-time due diligence costs associated with its acquisition pipeline.

Net loss for the period

For the twelve months ended December 31, 2018, the net loss amounted to \$18,367,104 as compared to a loss of \$2,393,834 for the twelve months ended December 31, 2017. The increase in 2018 is primarily as a result of increased costs cited above.

Liquidity

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to increase revenues until our operations are profitable.

As at December 31, 2018, the Company has total current assets of \$14,791,958 (December 31, 2017 - \$3,482,260) and working capital of \$11,281,766 (December 31, 2017 - \$834,909).

Twelve months ended December 31, 2018, compared to the twelve months ended December 30, 2017

During the twelve months ended December 31, 2018, the Company's overall position of cash and cash equivalents increased by \$9,716,216. This increase in cash can be attributed to the following:

The Company's net cash used in operating activities during the twelve months ended December 31, 2018 was \$7,488,773 as compared to \$527,146 for the twelve months ended December 31, 2017. The significant increase in 2018 is primarily due to increase operations in 2018.

Cash used in investing activities for the twelve months ended December 31, 2018 was \$1,774,961 as compared to \$1,196,567 for the twelve months ended December 31, 2017. The cash used in 2018 was used primarily for the asset acquisitions and strategic investments, and was partially offset by cash received in the RTO. In 2017, cash was used exclusively for acquisition of business combinations and strategic investments. The increase in investment in 2018 has contributed to the increased revenues during the same period.

Cash generated by financing activities during the twelve months ended December 31, 2018 was \$19,080,426 as compared to \$3,580,687 for twelve months ended December 31, 2017. In 2018 we completed a private placement, which commenced during the last quarter of 2017, we received proceeds from the exercise of warrants and options and we raised funds in a concurrent private placement at the time of the RTO and we also raised proceeds in convertible debentures. In 2017, the cash generated was from the issuance of preference shares.

Capital Resources

At December 31, 2018, the Company's capital resources consist primarily of cash and cash equivalents, accounts receivables, other receivables and prepaid expenses.

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Off Balance Sheet Arrangements

The Company has not entered into any off-Balance Sheet arrangements.

Transactions Between Related Parties

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Information Officer. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested during the year. Compensation earned by key management for the three and twelve months ended December 31, 2018 and 2017, are as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Short-term benefits	\$ 42,328	\$ 156,436	\$ 575,375	\$ 287,400
Share-based compensation	1,396,776	197,279	1,572,167	209,030
	\$ 1,439,104	\$ 353,715	\$ 2,147,542	\$ 496,430

Additionally, during the year ended December 31, 2018, the Company paid consulting fees to the executive officers and their companies in the amount of \$165,410 (2017 - \$8,647). During the year ended December 31, 2018, the Company also paid consulting fees to two directors in the amount of \$168,141 (2017 - \$39,067).

The Company also have loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$49,000 each, respectively. The loans receivable bears interest at bank's prime interest rate (December 31, 2018 – 3.95%) and matures on August 1, 2019. The Company also has an additional loan receivable from the Chief Executive Officer in the amount of \$44,283, which bears interest at bank's prime interest rate (December 31, 2018 – 3.95%) and matures on August 31, 2020.

As at December 31, 2018, \$24,912 (December 31, 2017 - \$45,961) was due to related parties for unpaid expenses, unpaid salaries and consulting fees.

Financial Instruments and Financial Risk Exposures

The Company's financial instruments consist of cash and cash equivalents, short term deposits, accounts receivables, other receivables and inventory and trade payables and other accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

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The type of risk exposure and the way in which such exposure is managed is as follows:

a) Credit Risk

The Company's maximum exposure to credit risk for its trade receivables is \$2,363,387 (December 31, 2017 - \$1,180,772).

All of the Company's cash and cash equivalents are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

b) Concentration Risk

As at December 31, 2018, the Company had four customers which accounted for approximately 61.30% of its trade receivables, with these four customers also accounting for 30.03%, 11.80%, 11.29% and 10.31% of revenues, respectively, for the year ended December 31, 2018.

As at December 31, 2017, the Company had three customers which accounted for approximately 60.99% of its trade receivables, with these three customers also accounting for 38.93%, 10.51%, and 10.11% of revenues, respectively, for the year ended December 31, 2017.

c) Liquidity Risk

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process. The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained.

d) Foreign Currency Risk

A large portion of the Company's transactions occur in a foreign currency (mainly in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated trade receivables, accounts payable and cash. As at December 31, 2018, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate \$458,000 (2017 - \$229,000) decrease or increase, respectively, in total loss and comprehensive loss.

e) Interest Rate Risk

The Company has no significant exposure as at December 31, 2018 to interest rate risk through its financial instruments.

f) Fair Values

The fair values of the cash, cash in trust, trade receivables, loans receivable from related parties, accounts payable and accrued liabilities, long-term debt, warrant liability and convertible debentures approximate their carrying values due to the relatively short-term nature of these financial instruments.

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Critical Estimates and Judgements

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

Determining the fair value of share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

Warranty liability

The Black Scholes Option pricing model is used to determine the fair value of the warrants and utilizes subjective assumptions such as expected price volatility which is based on comparable companies, expected life of the warrant and the risk-free rate. Any changes in these input assumptions can significantly affect the fair value estimate.

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Goodwill impairment testing and recoverability of assets

The Company only has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

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Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

Provision for expected credit losses ('ECLs')

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

New Accounting Policies Adopted

The Company adopted the following accounting standards which came into effect commencing January 1, 2018:

IFRS 15, Revenue from contracts with customers

The Company has adopted IFRS 15 with an initial application date of January 1, 2018. The impact on the 2018 consolidated financial statements and additional disclosures are detailed as follows:

The Company determines revenue recognition through the following steps: a) identification of the contract with a customer; b) identification of the performance obligations in the contract; c) determination of the transaction price; d) allocation of the transaction price for the performance obligations in the contract; and e) recognition of revenue when the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration receivable in exchange for those goods or services, net of discounts and sales taxes. The Company generates revenue primarily by delivering digital advertising and exhibition services.

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For the three and twelve month periods ended December 31, 2018

Revenue from digital advertising

The Company generates revenues primarily by delivering performance and brand advertising. Performance advertising creates and delivers relevant advertisements that users will click, leading to direct engagement with advertisers. Brand advertising enhances users' awareness of and affinity with advertisers' products and services, through videos, text, images, and other advertisements that run across various devices. Revenue from digital advertising is recognized when the user clicks on the advertisement or when the user views the advertisement for a specified period of time or based on cost-per-impression, which is based on the number of times an advertisement is displayed.

The Company evaluates whether It is acting as principal (i.e., report revenue on a gross basis) or agent (i.e., report revenue on a net basis). The Company reports revenue on gross basis as the Company controls the advertising inventory. Recording revenue on gross basis is evidenced by the Company's ability to monetize the digital advertising inventory before it is transferred to the customers, and is further supported by the fact that the Company is primarily responsible to its customers and having a level of discretion in establishing pricing.

Revenue from the rendering of exhibition services

The Company generates revenue through ticket sales and sponsorships during its exhibition events. The exhibition events are short in duration ranging from three to four days. The Company records revenue from ticket sales and sponsorships once the event is held and the performance obligation is met.

Contract liabilities are recorded when cash payments are received or due in advance of the Company's performance.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, net of returns and discounts and was recognized when the risks and rewards of ownership had transferred to the customer or as services were performed. No revenue was recognized if there were significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred could not be measured reliably, or there was continuing management involvement with the goods. IFRS 15 had no impact on the Company's consolidated statement of loss and comprehensive loss for the year ended December 31, 2018 or opening deficit.

IFRS 9, Financial instruments

The Company has adopted IFRS 9 with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected loss impairment model.

The standard contains three classifications categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 did not change the Company's accounting policies for financial liabilities.

As a result of the adoption of IFRS 9, the Company's accounting policies for financial instruments have been updated and applied from January 1, 2018 and in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

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IFRS 3, Business combinations (amendment)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IFRS 3, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in December 2018. The amendments clarify the definition of a business, permitting a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments were effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted.

Effective January 1, 2018, the Company adopted the amendments to IFRS 3, Business Combinations and assessed various asset purchase transactions entered into during the year to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. Based on the clarification related to the definition of a business, the Company determined that none of the asset purchase transactions entered into during the year ended December 31, 2018 met the definition of a business. Therefore, all the asset purchase transactions during the year have been accounted for as asset acquisitions.

Accounting Standards, Amendment and Interpretations Issued But Not Yet Effective

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Based on the information currently available, the Company estimates that it will recognize a lease liability and right to use asset of approximately \$63,000 as at January 1, 2019. This preliminary estimate is subject to adjustment as management continues to monitor and refine certain elements of its IFRS 16 adoption in advance of Q1 2019 reporting. The Company is on track to complete its implementation of IFRS 16 effective January 1, 2019.

Commitments

The Company is committed under a lease agreement with respect to its office premises located in Toronto, Ontario, expiring December 31, 2020. The commitment for the years ended 2019 and 2020 is \$36,225 and \$38,640 respectively.

Other Information

This MD&A was prepared as of April 29, 2019. As at this date the Company has 49,686,585 common shares, 14,141,166 warrants and 4,545,275 stock options outstanding. Additionally, the cash balance as at this date was CAD \$2,547,502.

Risks and Uncertainties

Enthusiast has a limited operating history

Enthusiast was incorporated under the laws of the Province of Ontario on January 10, 2014. Enthusiast’s lack of operating history may make it difficult for investors to evaluate Enthusiast’s prospects for success and there is no guarantee that Enthusiast’s business model will continue to achieve its strategic objectives. There is no assurance that Enthusiast will be successful and the likelihood of success must be considered in light of its relatively early stage of operation.

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Uncertainty of future revenues

Although management is optimistic about Enthusiast's prospects, there is no guarantee that expected outcomes and sustainable revenue streams will be achieved. Enthusiast faces risks frequently encountered by early-stage companies. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on Enthusiast's business, financial condition and results.

Enthusiast cannot be certain that additional financing will be available on reasonable terms when required, or at all

From time to time, Enthusiast may need additional financing. Its ability to obtain additional financing, if and when required, will depend on investor demand, Enthusiast's operating performance, the condition of the capital markets, and other factors. Enthusiast cannot assure investors that additional financing will be available to it on favourable terms when required, or at all. If Enthusiast 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 its common shares, and existing shareholders may experience dilution.

Enthusiast has grown and plans to continue to grow at a rapid pace

Enthusiast's business has grown rapidly since its inception. If Enthusiast continues its rapid growth, it may incur additional expenses, and its growth may place a strain on resources, infrastructure, and ability to maintain the quality of its offerings. Enthusiast's inability to properly manage or support its growth could have a material adverse effect on Enthusiast's business, financial condition and results of operations and could cause the market value of the Resulting Issuer Shares to decline.

Reliance on advertisers for revenue

Enthusiast relies on advertisers to purchase inventory from Enthusiast's network of digital media publishers and advertising related to its Expo for future revenue. Enthusiast's inability to secure contracts for advertising revenues may have a material adverse effect on its business, financial condition, and results of operations. Additionally, this is a relatively new and rapidly evolving industry and as such, it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online advertising or that the supply of advertising inventory on gaming digital media properties will not exceed the demand. If the industry grows more

slowly than anticipated or Enthusiast's existing products and services lose, or its new products and services fail to achieve, market acceptance, Enthusiast may be unable to achieve its strategic business objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operation.

Enthusiast depends on third parties, including users and content providers

Enthusiast is reliant to an extent on third parties, including content providers, users, and affiliate network publishers. Enthusiast's success is partially dependent on its ability to attract and retain quality content providers. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of Enthusiast. Moreover, Enthusiast's financial performance will be significantly determined by its success in adding, retaining, and engaging active users of its network of digital media properties. If users do not perceive Enthusiast's content as interesting, unique and useful, Enthusiast may not be able to attract or retain additional users, which could adversely affect the business.

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Enthusiast may be unable to complete favourable acquisitions

As part of Enthusiast's business strategy, it may attempt to acquire businesses that it believes are a strategic fit with its business, such as gaming digital media publishers. Enthusiast may not be able to complete such acquisitions on favourable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since Enthusiast may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisition Enthusiast completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

Limited long-term agreements for advertising revenue

Enthusiast's success requires it to maintain and expand its current advertising revenue-generating relationships and to develop new relationships. Enthusiast's contracts that help drive advertising revenue generally do not include long-term obligations requiring third parties to purchase Enthusiast's inventory and services or Enthusiast to market their advertising inventory. As a result, Enthusiast may have limited visibility as to its future advertising revenue streams. Enthusiast cannot ensure its advertising revenue generating sources will continue to operate or that Enthusiast will be able to replace, in a timely or effective manner, departing clients with new sources that generate comparable revenue. Any non-renewal, renegotiation, cancellation or deferral of significant advertising contracts that in the aggregate account for a significant amount of revenue, could have a material adverse effect on Enthusiast's prospects, business, financial condition, and results of operations.

Brand development

The brand identity that Enthusiast has developed has significantly contributed to the success of its business. Maintaining and enhancing the "Enthusiast" brand is critical to expanding Enthusiast's user base, network of publishers, and advertisers. Enthusiast believes that the importance of brand recognition will increase due to the relatively low barrier to entry in the industry. The "Enthusiast" brand may be negatively impacted by a number of factors, including software malfunctions, delivery of incorrect information, and data privacy and security issues. If Enthusiast fails to maintain and enhance its brand, or if Enthusiast incurs excessive expenses in this effort, it could have a material adverse effect on Enthusiast's prospects, business, financial condition, and results of operations. Maintaining and enhancing the "Enthusiast" brand will depend largely on Enthusiast's ability to continue to provide high-quality products and services, which Enthusiast may not continue to do successfully.

The loss of one or more of Enthusiast's key personnel, or its failure to attract and retain other highly qualified personnel in the future, could harm its business

Enthusiast currently depends on the continued services and performance of its key personnel. The loss of key personnel, including members of management as well as other key personnel, could disrupt Enthusiast's operations and have an adverse effect on its business and customer relationships. Additionally, Enthusiast's success depends on the efforts and abilities of management to attract and retain qualified personnel to manage operations and growth. Failure to attract key individuals may have an adverse effect on the business, operations, and results.

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Risk Factors Related to Enthusiast's Business Model and Use of Technology

The adtech and programmatic optimization tools utilized by Enthusiast are highly technical, and if not utilized properly, Enthusiast's business could be adversely affected

The adtech and programmatic optimization tools utilized by Enthusiast enable Enthusiast to target advertisements by a number of factors, including age, gender, income, occupation, etc. There can be no assurance that the adtech and programmatic optimization tools utilized by Enthusiast will not be enhanced or rendered obsolete by advances in technology, or that Enthusiast will be able to utilize the adtech or programmatic tools necessary to remain competitive. This could have an adverse effect on Enthusiast's business, operations and financial condition. Moreover, the adtech and programmatic optimization tools utilized by Enthusiast are highly technical and complex and may now or in the future contain, undetected errors, bugs, or vulnerabilities which may result in unsuccessful advertising campaigns. Any unsuccessful advertising campaigns could result in damage to Enthusiast's reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect Enthusiast's business and financial results.

Users may use ad-blockers

The success of Enthusiast's business model depends on its ability to deliver targeted, highly relevant ads to users of Enthusiast's network of digital media properties. Targeted advertising is done primarily through analysis of data, much of which is collected on the basis of user-provided permissions. This data might include a user's location, or data collected when users view an advertisement or when they click on or otherwise engage with an advertisement. Users may elect not to allow data sharing for targeted advertising for a number of reasons, such as privacy concerns. In addition, companies are constantly developing products that enable users to prevent advertisements from appearing on their web browsers. Wider adoption of these products could have a material adverse effect on Enthusiast's prospects, business, financial conditions, and results of operations.

Enthusiast IP may be subject to misappropriation

Protection of Enthusiast's trademarks and domain names are important to its success. Enthusiast currently protects its IP rights by relying on common law rights. These steps may not be sufficient to prevent the misappropriation of Enthusiast's proprietary information or deter independent development of similar products and services by others.

In the future, should Enthusiast proceed to register its IP, it would be a process that is likely expensive and time consuming and ultimately, it may not be successful in registering its IP. The absence of registered IP rights, or the failure to obtain such registrations in the future, may result in Enthusiast being unable to successfully prevent its competitors from imitating its products, services, and processes. Such imitation may lead to increased competition. Even if Enthusiast's IP rights were registered, its IP rights may not be sufficiently comprehensive to prevent its competitors from developing similar competitive products, services, and processes.

Litigation may be necessary to enforce Enthusiast's IP rights. Litigation of this nature, regardless of the outcome, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect Enthusiast's business and operating results. Moreover, due to the differences in foreign laws concerning proprietary rights, Enthusiast's IP may not receive the same degree of protection in foreign countries as it would in Canada or the United States. Enthusiast's failure to possess, obtain or maintain adequate protection of its IP rights for any reason could have a material adverse effect on its business, results of operations, and financial condition.

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Enthusiast may face allegations that it has infringed the trademarks, copyrights, patents, and other IP rights of third parties, including from its competitors and former employers of Enthusiast's personnel.

If Enthusiast's products, services, or solutions employ subject matter that is claimed under its competitors' IP, those companies may bring infringement actions against Enthusiast. Whether a product infringes a patent or other IP right involves complex legal and factual issues, the determination of which is often uncertain.

Infringement and other IP claims, with or without merit, can be expensive and time consuming to litigate, and the results are difficult to predict. Enthusiast may not have the financial and human resources to defend against any infringement suits that may be brought. As the result of any court judgment or settlement, Enthusiast may be obligated to stop offering certain features, pay royalties or significant settlement costs, purchase licenses or modify its software and features, or develop substitutes.

Enthusiast's business is highly competitive. Competition presents an ongoing threat to the success of its business

The digital media advertising market is highly competitive and quickly changing. Enthusiast faces competition from a variety of digital media publishers all over the world. Some of Enthusiast's current and potential competitors have significantly greater resources and better competitive positions in certain markets than Enthusiast does. These factors may allow Enthusiast's competitors to respond more effectively than Enthusiast to new or emerging technologies and changes in market requirements. Including changes to government regulation.

There is no certainty that Enthusiast's competitors will not develop similar or superior services which may render Enthusiast uncompetitive. Certain competitors have more established relationships and greater financial resources and they can use their resources against Enthusiast in a variety of competitive ways, including by making acquisitions, investing aggressively in research and development, and competing aggressively for advertisers, technologies, digital media rights, websites, and applications. If competitors are more successful than Enthusiast in developing compelling products and engaging content or in attracting and retaining users, advertisers, and digital media rights, Enthusiast's revenues, growth rates, and the value of its digital assets could be negatively affected. There is no assurance that Enthusiast will be able to maintain its position in the marketplace.

Regulation

Enthusiast is subject to general business regulations and laws as well as regulations and laws specifically governing gaming and the internet. Existing and future laws and regulations may impede Enthusiast's growth strategies. These regulations and laws may cover taxation, privacy, data protection, pricing, content, copyrights, distribution, consumer protection, web services, websites, and the characteristics and quality of products and services. Unfavourable changes in regulations and laws could decrease demand for Enthusiast's digital media properties and inventory and increase its cost of doing business or otherwise have a material adverse effect on Enthusiast's reputation, popularity, results of operations, and financial condition.

Enthusiast's management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of its business

The individuals who now constitute Enthusiast's management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Enthusiast's management team may not successfully or efficiently manage a public company that is subject to significant regulatory oversight and reporting obligations.

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The requirements of being a public company may strain the Resulting Issuer's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members

As a reporting issuer, the Resulting Issuer will be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations will increase the Resulting Issuer's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws require the Resulting Issuer to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require the Resulting Issuer to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, it is anticipated that the Resulting Issuer will improve its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. To comply with these requirements, Enthusiast may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Enthusiast intends to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Resulting Issuer and the Resulting Issuer's business may be adversely affected.

As a public company subject to these rules and regulations, the Resulting Issuer may find it more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Resulting Issuer to attract and retain qualified members of its board of directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, Enthusiast's business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, the Resulting Issuer's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the Resulting Issuer's management and harm its business and results of operations.

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Reliance on third party owned communication networks

The delivery of Enthusiast's products and services and a significant portion of Enthusiast's revenues are dependent on the continued use and expansion of third party owned communication networks, including wireless networks and the internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for Enthusiast.

Effective delivery of Enthusiast's products and services through the internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access Enthusiast's content. Changes in access fees to distributors, such as Enthusiast or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, could result in increased costs to Enthusiast. All of these factors are out of Enthusiast's control and manifestation of any of them could ultimately have a material adverse effect on Enthusiast's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or reliability. Internet outages, delays or loss of network connectivity may result in partial or total failure of Enthusiast's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, or the loss of revenue because of the inability of users to access Enthusiast's network of digital properties, any of which could have a material adverse effect on Enthusiast's prospects, business, financial condition or results of operations.

Security of Enthusiast's digital media properties

Enthusiast cannot guarantee absolute protection against unauthorized attempts to access its IT systems, including malicious third-party applications or denial of service attacks that may interfere with or exploit security flaws in its digital media properties. Viruses, worms, and other malicious software programs could jeopardize the security of information stored in a user's computer or in Enthusiast's computer systems or attempt to change the internet experience of users by interfering with Enthusiast's ability to connect with a user. If any compromise to Enthusiast's security measures were to occur and Enthusiast's efforts to combat this breach were unsuccessful, Enthusiast's reputation may be harmed leading to an adverse effect on Enthusiast's financial condition and future prospects.

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The price of the securities of the Resulting Issuer may fluctuate significantly, which may make it difficult for holders of securities of the Resulting Issuer to sell their securities at a time or price they find attractive

The Resulting Issuer's stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond its control. In addition to those described under "Forward Looking Information" these factors include:

- actual or anticipated quarterly fluctuations in its operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts with respect to it or other financial institutions;
- reports in the press or investment community generally or relating to the Resulting Issuer's reputation or the industry in which it operates;
- strategic actions by the Resulting Issuer or its competitors, such as acquisitions, restructurings, dispositions, or financings;
- fluctuations in the stock price and operating results of the Resulting Issuer's competitors;
- future sales of the Resulting Issuer's equity or equity-related securities;
- proposed or adopted regulatory changes or developments; and
- domestic and international economic factors unrelated to the Resulting Issuer's performance.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect the Resulting Issuer's stock price, notwithstanding the Resulting Issuer's operating results. Enthusiast expects that the market price of the Resulting Issuer Shares will fluctuate and there can be no assurances about the market prices of such shares.

Enthusiast does not know whether an active, liquid and orderly trading market will develop for the securities of the Resulting Issuer or what the market price of the securities of the Resulting Issuer will be and as a result it may be difficult for investors to sell their securities of the Resulting Issuer

An active trading market for securities of the Resulting Issuer may never develop or be sustained following the Amalgamation. The lack of an active market may impair an investor's ability to sell their securities of the Resulting Issuer at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of the Resulting Issuer. Further, an inactive market may also impair the Resulting Issuer's ability to raise capital by selling securities of the Resulting Issuer and may impair its ability to enter into collaborations or acquire companies or products by using securities of the Resulting Issuer as consideration. The market price of securities of the Resulting Issuer may be volatile, and an investor could lose all or part of their investment.

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Enthusiast does not intend to pay dividends on the Resulting Issuer Shares for the foreseeable future

Enthusiast currently does not plan to declare dividends on the Resulting Issuer Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Resulting Issuer. Consequently, an investor's only opportunity to achieve a return on the investment in the Resulting Issuer will be if the market price of the Resulting Issuer Shares appreciates and the investor sells shares at a profit. There is no guarantee that the price of the Resulting Issuer Shares that will prevail in the market after the Amalgamation will ever exceed the price that an investor paid.

If research analysts do not publish research about the Resulting Issuer's business or if they issue unfavourable commentary or downgrade the Resulting Issuer Shares, the Resulting Issuer's stock price and trading volume could decline

The trading market for the securities of the Resulting Issuer may depend in part on the research and reports that research analysts publish about the Resulting Issuer and its business. If the Resulting Issuer does not maintain adequate research coverage, or if one or more analysts who covers the Resulting Issuer downgrades its stock, or publishes inaccurate or unfavourable research about the Resulting Issuer's business, the price of the Resulting Issuer Shares could decline. If one or more of the research analysts ceases to cover the Resulting Issuer or fails to publish reports on it regularly, demand for securities of the Resulting Issuer could decrease, which could cause the Resulting Issuer's stock price or trading volume to decline.

Currency fluctuations

Enthusiast's reporting currency is Canadian dollars but an increasing proportion of Enthusiast's revenue may be earned and expenses may be incurred in other currencies, including the US dollar. The movement of the US dollar against the Canadian dollar could have a material adverse effect on Enthusiast's prospects, business, financial condition, and results of operation.

Historical Losses and Negative Operating Cash Flows

Enthusiast has a history of operating losses and may generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its network of digital media properties. Enthusiast has made significant up-front investments in acquiring significant digital media assets, marketing, and general and administrative expenses in order to rapidly develop and expand its business. The successful development and commercialization of these operations will depend on a number of significant financial, logistical, technical, marketing, legal, competitive, economic and other factors, the outcome of which cannot be predicted. There is no guarantee that Enthusiast's operations will be profitable or produce positive cash flow or that Enthusiast will be successful in generating significant revenues in the future or at all. While Enthusiast can utilize cash and cash equivalents to fund its operating and growth expenditures, it does not have access to significant committed credit facilities or other committed sources of funding. Enthusiast's inability to ultimately generate sufficient revenues to become profitable and have positive cash flows could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business.

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MD&A Preparation

This MD&A was prepared as of April 29, 2019. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and 2017. This MD&A is intended to assist the reader's understanding of the Company and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

Managements Responsibility for Financial Statements

The information provided in this report, is the responsibility of management. During the preparation of financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Enthusiast's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually and is free to meet with them throughout the year.

Tova Ventures II Inc.
Management Discussion and Analysis
For the Period Ended December 31, 2017

April 27, 2018

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Tova Ventures II Inc.(the "Company" or "Tova ") prepared from the period of incorporation (February 27,2017) to December 31, 2017 should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2017. All figures contained in this MD&A are presented in Canadian dollars.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Company

Tova Ventures II Inc.(the "Company"), was incorporated under the Business Corporations Act (Ontario) on February 27, 2017 and is classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The registered and head office of the Company is located at 7 Coulson Avenue, Toronto, Ontario M4V 1Y3. The Company's common shares commenced trading on the Exchange under the trading symbol "TOVA.P" on October 17, 2017.

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash held in trust and deferred financing costs. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The Company completed an initial private offering on October 17, 2017 to sell and issue 3,500,000 common shares at \$0.10 per share (\$350,000). The Company entered into an agreement with Richardson GMP Ltd. (the “Agent”) to raise gross proceeds of \$350,000 in connection with the Company’s IPO. In connection with the offering, Tova granted the Agent warrants to acquire 350,000 common shares at a price of \$0.10 per share and paid the Agent a commission of \$35,000 (10% of the gross proceeds of the offering) and a corporate finance fee. The warrants may be exercised for a period of 24 months from the date of listing of the common shares on the Exchange. At the closing of the initial public offering, Tova also granted incentive stock options to its officers and directors to acquire a total of 572,000 common shares. The options may be exercised for a period of five years at a price of \$0.10 per share.

The Company entered into a letter of intent dated January 2, 2018 (the “LOI”) with Enthusiast Gaming Inc. (“Enthusiast”), to effect a business combination of the two companies (the “Proposed Transaction”). The Proposed Transaction will be a reverse takeover of the Company by Enthusiast and its shareholders. Subject to the approval of the Exchange, the Proposed Transaction will constitute the Company's Qualifying Transaction under Exchange Policy 2.4 – Capital Pool Companies.

It is currently anticipated that the Proposed Transaction will be effected by way of a three-cornered amalgamation, share exchange, merger, amalgamation, arrangement or other similar form of transaction as is acceptable to the parties. The LOI will be superseded by definitive documentation between the Company and Enthusiast that includes customary representations, warranties conditions and covenants for transactions of this nature.

Pursuant to the Proposed Transaction, the holders of the issued and outstanding common shares of Enthusiast (the “Enthusiast Common Shares”) shall receive that number of Tova Common Share for each Enthusiast Common Share held, at a ratio to be determined in the context of the market (the “Exchange Ratio”). Pursuant to the Proposed Transaction, all existing options, warrants or other securities convertible into Enthusiast Common Shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Tova Common Shares on substantially similar terms and conditions.

Enthusiast may complete a financing in connection with the Proposed Transaction prior to closing.

On April 27, 2018 the Board of Directors approved the unaudited condensed interim financial statements for the period ended December 31, 2017.

Summary of Quarterly Results

	December 31, 2017	September 30, 2017
Total Assets	\$354,955	\$122,344
Total Revenues	nil	nil
Total Expenses	\$111,288	\$12,091
Net Loss	(\$111,288)	(\$12,091)
Basic and diluted net loss per share	(\$0.13)	(\$0.01)

Results of Operations

Period from the date of incorporation (February 27, 2017) to December 31, 2017

The Company recorded a net loss of \$123,379 during the period ended December 31, 2017. The net loss is attributable to costs relating to its listing on the exchange, professional fees, and share-based compensation as detailed below.

Three months ended December 31, 2017

The Company recorded a net loss of \$111,288 during the three months ended December 31, 2017. The net loss for the three-month period ended December 31, 2017 is attributable to its listing on the exchange, professional fees, and share-based compensation as detailed below.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period from the date of incorporation (February 27, 2017) to December 31, 2017:

Material Costs	Period from February 27, 2017 (date of incorporation) To December 31, 2017
Professional fees	\$52,682
Filing fees	\$27,960
Share-based compensation	\$42,737

Liquidity and Capital Resources

As at December 31, 2017, the Company had cash of \$354,955. The Company had current liabilities of \$21,542 and working capital of \$333,413.

The Company received net cash proceeds inclusive of warrants exercised of \$414,055 from shares issued after issue costs during the period from the date of incorporation (February 27, 2017) to December 31, 2017. Negative cash flows of \$59,100 were recorded from operating activities. This is primarily due to outflows relating to professional fees and listing costs.

Outstanding Share Data

As of the date of this MD&A, 5,795,600 common shares were issued and outstanding. Of these, 2,185,000 shares are held in escrow in accordance with Exchange regulations.

There are 572,000 stock options outstanding, exercisable at \$0.10 per share, expiring on October 17, 2022 and 274,400 agents' options outstanding, exercisable at \$0.10 per share, expiring on October 17, 2019.

Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended December 31, 2017.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash held in trust and due to shareholder approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 2 to the audited financial statements for the period ended December 31, 2017.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

- IFRS 9 – Financial Instruments

The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Company.

Additional Information

For further detail, see the Company's audited financial statements for the period ended December 31, 2017. Additional information about the Company can also be found on SEDAR at www.sedar.com.



Enthusiast Gaming Holdings Inc.

**Management's Discussion and Analysis
For the three month period ended March 31, 2019**



Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Management's Discussion And Analysis

The following discussion and analysis is management's assessment of the results and financial condition of Enthusiast Gaming Holdings Inc. (formally Tova Ventures II Inc.) (collectively, "Enthusiast", "we" or the "Company").

The following information should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2019 and the notes to those condensed consolidated interim financial statements, all of which are available on Enthusiast's issuer profile on SEDAR at www.sedar.com.

The date of this management's discussion and analysis ("MD&A") is May 30, 2019. The Company's comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are stated in Canadian Dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "risks and uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Description of Enthusiast Gaming Holdings Inc.

Enthusiast (TSXV: EGLX, OTCQB: EGHIF), is a gaming company building the largest community of authentic lifestyle gamers. The Company has an online network of over 80, owned and affiliated, gaming related websites and a network of 900 YouTube channels reaching 150 million visitors. The Company also owns and operates Canada's largest video-gaming expo, Enthusiast Gaming Live Expo "EGLX". Between its online digital media properties, its network of partner websites, and video gaming expo, Enthusiast engages gaming enthusiasts worldwide. The Company was incorporated February 27, 2017 under the Canada Business Corporations Act and listed on the Toronto Venture Stock Exchange (the "Exchange") on October 4, 2018 under the symbol "EGLX" and listed on the OTCQB under the symbol "EGHIF" on January 23, 2019.

Business Products and Services

Enthusiast's products and services fall into three principal segments: content, advertising and events.

Content

The network contains news, reviews, videos, live streams, blog posts, tips, chats, message boards, and other video-gaming related content. Central to Enthusiast's ability to create valuable advertising space is the ability to both develop content rich digital media and foster the interaction and contributions from the community with gaming rich content. Enthusiast possesses a network of full and part-time content creators to develop robust, regular content updates across its platform which focus on new developments in the world of video games, in the form of videos, articles, blog posts, and other content.

Gaming communities are drawn to different aspects and forms of content on Enthusiast's network of websites. Part of Enthusiast's strategy is to acquire profitable video gaming websites with differentiating content from the current portfolio, providing valuable, relevant content for any gaming enthusiast.

Advertising

For any publishing company, the key mission is to build a dedicated following of engaged visitors and brands are looking for high levels of engagement within a target market to run successful advertising campaigns. Enthusiast has amassed a network of engaged, lifestyle gamers that has become a leading advertising platform for brands targeting the gamer demographic. Enthusiast's network is generating over 30 billion advertisement ("ad") requests a month which are exclusively monetized by the Company. The majority of Enthusiast's revenue is driven by programmatic advertising across the platform. Enthusiast has built out a direct sales team to foster key relationships and drive revenue. The direct sales team is also responsible for developing long term clients looking for integrated advertising solutions across Enthusiast's brands.

Events

Enthusiast started in person gaming meet ups in 2014 at a local pub in Toronto to engage the gaming community through personal interactions. As the meet ups continued to grow in popularity and size, the venue also grew to accommodate the increase in numbers. These small meet ups quickly escalated to a university, and then eventually, to an exhibition hall. Over the years, these meet ups graduated into EGLX.

In 2018, over 55,000 people attended EGLX and the Company continues to explore opportunities to grow its events division to coincide with the significant growth of its network online.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Completion of Business Transaction (“RTO”) and Concurrent Private Placement

On September 21, 2018, the Company completed a qualifying transaction with Enthusiast Gaming Inc. (“EG Inc.”), a corporation incorporated in the Province of Ontario (“Business Combination Agreement”). The Business Combination Agreement entered into between the Company, a subsidiary of the Company and EG Inc. was structured as a three-cornered amalgamation (the “Amalgamation”) under the Business Corporations Act (Ontario) (the “Transaction”). As a result of the Transaction, EG Inc. became a wholly-owned subsidiary of the Company. The completion of the Transaction resulted in a reverse takeover and change of business for the Company (the “RTO”). The terms of the RTO required the Company to consolidate its common shares prior to the RTO on a 1:4.2 basis. The Company also exchanged 100% of the issued and outstanding securities of EG Inc. on a 1:1 basis with the then securityholders of EG Inc. for securities in the capital of the Company.

Upon closing of the Amalgamation, the Company had 43,479,785 Common Shares issued and outstanding and 19,027,672 Common Shares reserved for issuance. The Common Shares reserved for issuance include 15,353,779 warrants and 3,673,893 stock options. As at the date of the Transaction, the former shareholders of EG Inc. owned approximately 96.8% of the Common Shares and shareholders of the former Tova Ventures II Inc. held appropriately 3.2% of the Common Shares. Additionally, upon the completion of the Transaction, the former Tova Ventures II Inc. changed its name to Enthusiast Gaming Holdings Inc.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and start trading on the TSX Venture Exchange (TSX.V) under the symbol “EGLX”. The Company’s principal business activity is owning and operating an online network of websites devoted to video gaming as well as Canada’s largest video-gaming expo. Between its online digital media properties, its network of partner websites, and video-gaming expo, Enthusiast engages video gaming enthusiasts online worldwide.

In anticipation of the Transaction, EG Inc. closed securities offering of 6,799,300 units at a price of \$1.25 per unit (“RTO Unit”) for total gross proceeds of \$8,499,125. Each RTO Unit is comprised of one common share and one-half of one common share purchase warrant (each full common share purchase warrant, an “RTO Warrant”). The RTO Warrants are exercisable for \$1.60 per common share from the date of issuance until such date as is 24 months following the completion of a going-public transaction, subject to adjustment and acceleration.

Directors and Executive Team

In connection with the completion of the Transaction, Enthusiast’s board of directors is now as follows: Menashe Kestenbaum, Meir Bulua, Alan Friedman (Chairman of the Board), Chris Frostad (Independent) and Ben Colabrese (Independent). The independent Audit Committee of the Company is comprised of Chris Frostad (Chair), Ben Colabrese and Alan Friedman. The independent Compensation Committee of the Company is comprised of Ben Colabrese (Chair), Alan Friedman and Chris Frostad.

In addition, the Company’s executive management team is as follows:

Menashe Kestenbaum – Founder, Chief Executive Officer and President
Eric Bernofsky – Chief Operating Officer and Senior VP, Finance
Gadi Levin – Chief Financial Officer
Meir Bulua – Chief Information Officer

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Listing on the Toronto Venture Stock Exchange

On October 4, 2018, Enthusiast commenced trading on the Toronto Venture Stock Exchange under the symbol “EGLX”. The listing was a significant milestone for the Company, and the access to institutional capital is important to execute on Enthusiast’s growth plan through strategic acquisitions.

Listing on the OTCQB

On January 23, 2019, the Company’s common shares commenced trading on the OTCQB Venture Market (“OTCQB”), under the symbol “EGHIF”. Currently, over half of the network traffic is generated from the US and many of Enthusiast’s key partners and affiliates are US based, making the OTCQB listing an exciting next step in the Company’s North American expansion strategy.

Enthusiast Gaming Strategic Growth Priorities

Fiscal 2018 was a transition year for Enthusiast. The Company completed seven strategic acquisitions, raised more than \$20,000,000 in capital, completed its go public transaction via RTO (reverse take-over), increased revenue by 223% and attracted 54,000 gaming enthusiasts to its live events. Perhaps the most important accomplishment of the year; however, was laying the foundation to building the leading, vertically integrated video gaming media and esports company.

Seeds were planted in 2018 that ultimately led to three significant events in the first half of 2019 including; (1) the acquisition of The Sims Resource, the largest female video gaming website in the world, with over 2.5 billion monthly page views, (2) North American sales expansion with the opening of a US based sales office to capitalize on the epicentre of the video game publisher and advertising markets, and (3) significant investments in Waveform Entertainment, a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide and Addicting Games, one of the largest multi-player, online game networks in the United States.

Gains in publisher growth in the Enthusiast advertising network, significant momentum achieved in the Company’s live events in 2018 combined with the recent events in 2019 have positioned Enthusiast to capitalize on the rapidly growing video game market.

Publisher Growth

Since early 2016, a main pillar of the Company’s core strategy has been consistent and focused building of its publisher advertising network. At December 31, 2018 the Company managed the advertising sales and monetization of more than 80 publisher sites, 900 YouTube channels and will continue to add several larger website to the Enthusiast network in 2019.

Acquisitions

Enthusiast’s defined growth strategy consists of continued organic growth and strategic growth through accretive acquisitions which will increase EBITDA and top line revenue. Following successful acquisition in 2017 (Destructoid), the Company completed eight more acquisitions in 2018 and 2019 including:

On February 5, 2018, the Company acquired all the assets of Pixelfame LLC (“Pixelfame”). Pixelfame assets consist of a suite of video game content focused Facebook pages.

On February 16, 2018 – Enthusiast acquired all the assets of Gamnesia Media (“Gamnesia”). Gamnesia is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

On March 7, 2018 – Enthusiast acquired all the assets of www.dailyesports.tv (“Dailyesports”). Dailyesports is an online content platform covering the latest news and opinions about the E-Sports industry. The acquisition of Dailyesports greatly increases Enthusiast’s coverage of the esports industry.

On June 22, 2018 - Enthusiast acquired all the assets of Gameumentary, a video games journalism outlet that produces video game documentaries.

On July 4, 2018 - Enthusiast acquired the IncGamers Brand (“IncGamers”), which includes the PC Invasion and Diablo brands, and all related assets. IncGamers is a leading online video game news, analyst, opinion, and overall entertainment venue for gamers.

On July 31, 2018 - Enthusiast acquired Escapist Magazine (“Escapist”), a leading online magazine covering mostly video games as well as movies, comics, TV, and more.

On November 13, 2018 - Enthusiast acquired the assets of Operation Sports LLC, one of the largest online sports video gaming news and community forums, through the Company’s wholly-owned subsidiary, EG Inc.

On March 13, 2019 – Enthusiast acquired Planet Destiny, a leading news outlet providing comprehensive information pertaining to the Destiny franchise.

Revenue Optimization

Since its inception, the Company has been developing its know how in the area of adtech and programmatic optimization tools, through a combination of internal development and third-party software tools. Further, in 2018 the Company entered into several new supply side platform (SSP) relationships that contributed to increases in sell through rates and revenue performance. The Company continues to invest in new adtech tools and expertise and expects to be able to achieve further revenue optimization in 2019.

Live Event Activations

Following the buyout of its 50/50 joint venture partner in late 2017, the Company’s wholly-owned EGLX subsidiary successfully hosted two major events in 2018. The first event was held at The International Centre in March which attracted 24,000 attendees and exhibitors and welcomed Bell Canada as its title sponsor for the first time. Building on the momentum, the Company moved its event to the larger Metro Toronto Convention Centre in October and welcomed over 30,000 more attendees and exhibitors over the three-day event, selling out on Saturday and reaching venue capacity.

The October 2018 EGLX expanded its sponsorship partners to include, Bell, Nintendo, Warner Brothers, Alibaba, eBay, LG, HP, Microsoft, Cineplex, Sun Life Financial and OverActive Media, while also hosting Canada’s largest esports tournament, WESG Finals - the World Electronic Sports Games “WESG”, Olympic-style esports competition. EGLX attendees had the opportunity to meet and play with celebrities and gaming enthusiasts including Mitch Marner of the Toronto Maple Leafs, Greg Miller and Nick Scarpino of Kinda Funny, Naomi Kyle of Everybody Games, and the Heads-Up Daily team.

Combined, the two 2018 events reached over 1 million online viewers, watching live streams of its esports competitions on Twitch as well as the Company’s digital properties. Plans are already underway on the EGLX 2019 season which are expected to include a number of preliminary events leading up to a larger event in October in Toronto. Further, the Company is actively exploring a US expansion for its Live events in 2020. Subsequent to the year-end, Enthusiast announced it had agreed to purchase a 20% interest in Waveform Entertainment (“Waveform”), a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Significant Events During First Quarter, and Subsequent Events after the Three Months

January 7, 2019 – Enthusiast announced the acquisition of The Sims Resource (TSR), the largest female video gaming website in the world, with over 2.5 billion monthly page views. On April 12, 2019, Enthusiast closed the acquisition of The Sims Resource.

January 23, 2019 - Enthusiast entered into a representation agreement with Blue Ant Media and Omnia Media (Blue Ant subsidiary). The Company will represent all Omnia Media's platform of YouTube channels which creates, manages and operates a multi-channel YouTube network that distributes premium, original content targeting the video game and millennial segments. With over 50 million monthly visitors, 400 million subscribers across 900 channels, Omnia's network is one of the most highly visited destinations on YouTube for video game related content.

February 6, 2019 – Enthusiast opened a San Francisco sales office and on April 1, 2019 welcomed its first LA based senior sales representative to drive advertising sales and brand partnerships with in the highly coveted California market, where a large number of ad agencies and game publishers are located.

March 5 and 7, 2019 - Enthusiast announced dates for EGLX 2019 to be held on October 18-20, 2019 at the Metro Toronto Convention Centre. Second, Enthusiast launched its own esports tournament and entertainment series, called “EGLX Rising Stars”. The series will leverage the distribution of its online network and the tens of thousands of attendees at its live video game expo, EGLX. The tournament will begin this summer and end with grand finals at EGLX 2019 in October.

March 20, 2019 – Enthusiast Ranked as Fastest Growing Gaming Information Property by ComScore with 324% Growth in Total YoY Page Views.

April 9, 2019 - Enthusiast entered into agreement to purchase 20% interest in Waveform Entertainment (“Waveform”), a leading esports broadcast and production company specializing in the organization of premium esports tournaments world-wide. Enthusiast has also secured an irrevocable option, at its sole discretion, to acquire a 100% interest in Waveform.

April 11, 2019 - Enthusiast invested in Addicting Games, one of the largest multi-player, online game networks in the United States. The Company also announced a representation agreement in which Enthusiast will exclusively monetize 100% of the 10 million gamers Addicting Games reaches monthly.

April 12, 2019 – Enthusiast closed The Sims Resources transaction

April 30, 2019 – Enthusiast filed 2018 Audited Financial Statements and reports revenue of \$11 million

On May 9, 2019 - Enthusiast entered into exclusive representation agreement with RankedBoost, a leading online video game resource and guide website.

Non Brokered Convertible Debenture Private Placement

On November 8, 2018, Enthusiast completed an over-subscribed, non-brokered private placement of convertible debenture units for total gross proceeds of \$9,000,000. Canaccord Genuity Corp. (“Canaccord Genuity”) acted as advisors to the Company with respect to the Offering. The closing of the oversubscribed financing was largely due to the demand of existing shareholders and demonstrates a high-level of confidence in Enthusiast's unique business model. Funds from this financing will be used to complete significant acquisitions to increase top line revenue and EBITDA.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Each Unit, issued at a price of \$1,000, was comprised of one unsecured convertible debenture (each a “Debenture” and collectively, the “Debentures”), having a principle amount of \$1,000 and accruing interest at 9% per annum, payable semi-annually until maturity, and 315 common share purchase warrants of the Company. Each Debenture is convertible into common shares of the Company (each, a “Common Share”) at a conversion price of \$1.60 per Common Share (the “Conversion Price”), subject to acceleration in certain events. The Debentures mature on December 31, 2021. Each Warrant entitles the holder to acquire one Common Share at a price of \$2.00 per Common Share for a period of two years, subject to acceleration in certain events. The Debentures and the warrants contain customary anti-dilution provisions.

Beginning on March 9, 2019, the Company may, at its option, require the conversion of the then outstanding principle amount of the Debentures (plus accrued and unpaid interest thereon) at the Conversion Price on not less than 30 days’ notice, should the daily volume-weighted average trading price of the Common Shares be greater than \$2.40 for each of seven consecutive trading days, ending five trading days prior to the applicable date.

The Company may accelerate the expiry date of the then outstanding warrants on not less than 30 days’ notice, should the volume-weighted average trading price of the Common Shares be greater than \$3.00 for the twenty consecutive trading days, ending five trading days prior to the applicable date.

Each Debenture ranks *pari passu* in right of payment of principle and interest with all other Debentures issued under the Offering.

The Debentures and warrants issued pursuant to the Offering and any Common Shares issued on conversion of the Debentures or exercise of the warrants will be subject to a statutory hold period in Canada of four months and one day following the closing of the Offering in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.

Other Significant Equity Issuances

The Company is authorized to issue an unlimited number of common shares. The Company issued common shares as described below during the three months ended March 31, 2019 and 2018:

- In November and December 2017, Enthusiast Gaming Inc. closed a non-brokered private placement of 1,679,786 units at a price of \$0.47 per unit for total gross proceeds of \$789,500. Each unit was comprised of one common share and one common share purchase warrant. The warrants were exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. As the units were issued in Canadian dollars, which was different than Enthusiast Gaming Inc.’s functional currency of US dollars, warrants were presented as liability as the fixed for fixed criteria for equity classification was not met. Enthusiast Gaming Inc. incurred \$61,267 of share issuance costs relating to this issuance, of which \$42,267 had been capitalized as share issue costs, while \$19,000 was expensed as they relate to the warrant liability. The warrants issued relating to this issuance were recorded as a warrant liability in the amount of \$227,276. The fair value of the warrant liability in the amount of \$227,276 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

- In addition, in December 2017, Enthusiast Gaming Inc. received \$834,260 in respect of 1,775,022 units with similar terms as those disclosed above which were not issued as of December 31, 2017 and as such, the value of the warrants in the amount of \$240,093 in respect of these units had been recorded as a liability and the remaining amount of \$594,167 as contributed surplus in the condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$240,093 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital in the condensed consolidated interim statements of changes in shareholders' equity.
- In November and December 2017, Enthusiast Gaming Inc. also received \$1,369,444 of cash for 2,913,710 units with similar terms as those disclosed above, which were not issued as of December 31, 2017. The fair value of the warrants in the amount of \$407,920 in respect of these units was recorded as a liability and the remaining amount of \$961,524 as contributed surplus in the condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$407,920 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 1.92 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.68%. The shares were issued subsequent to December 31, 2017 year end and were reclassified from contributed surplus to share capital in the condensed consolidated interim statements of changes in shareholders' equity.
- During the three months ended March 31, 2018, Enthusiast Gaming Inc. closed additional non-brokered private placement with several closings of 3,869,671 units at a price of \$0.47 per unit for total gross proceeds of \$1,818,745. Each unit was comprised of one common share and one common share purchase warrant. The warrants are exercisable for \$0.58 per common share from the date of issue until such date as is 18 months following the completion of a going-public transaction. The fair value of the warrants in the amount of \$535,466 in respect of these units was recorded as a liability and the remaining amount of \$1,283,279 as share capital in the condensed consolidated interim statements of changes in shareholders' equity. The fair value of the warrant liability in the amount of \$535,466 was determined using the Black-Scholes option pricing model and the following assumptions: share price of \$0.33, exercise price of \$0.58, expected life of 2.20 – 2.04 years, annualized volatility of 105.4%, dividend yield of 0.0%, risk-free interest rate of 1.79%. The Company also received \$190,040 in gross proceeds as part of additional financing for which shares were issued subsequent to three months ended March 31, 2018.
- During the three months ended March 31, 2018, the Company issued 300,000 shares in respect to the acquisition of the assets of Destructoid LLC, which was completed in June 2017. The fair value of \$53,575 was reclassified from contributed surplus to share capital in the condensed consolidated interim statements of changes in shareholders' equity.
- As disclosed in Note 4, the Company entered into two asset acquisition transactions during the three months ended March 31, 2018, which required consideration in cash and common shares. The Company issued 87,734 common shares valued at \$28,952 subsequent to three months ended March 31, 2018, which was recorded as contributed surplus in the condensed consolidated interim statements of changes in equity.
- During the three months ended March 31, 2019, warrant holders of 791,790 warrants with an exercise price of \$0.58 per share exercised their warrants for a total consideration of \$459,238. As a result, fair value of the warrants in the amount of \$485,386 was reclassified from warrant reserve to share capital for the underlying warrants exercised.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

- During the three months ended March 31, 2019, warrant holders of 169,647 warrants with an exercise price of \$0.197467 per share, exercised their warrants for a total consideration of \$33,500. As a result, fair value of the warrants in the amount of \$103,916 was reclassified from warrant reserve to share capital for the underlying warrants exercised.
- During the three months ended March 31, 2019, stock option holders of 120,000 stock options with an exercise price of \$0.13 per share exercised their stock options for a total consideration of \$15,600. As a result, an amount of \$14,830 was credited from contributed surplus to share capital for the underlying options exercised.

Proposed Transactions

Management periodically enters into informal discussions with prospective business partners in the normal course of business. However, management does not believe that any of these discussions constitute proposed transactions for the purpose of this report.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For the three month period ended March 31, 2019

Financial Review

The following financial data prepared in accordance with IFRS in Canadian dollars is presented for the three month period ended March 31, 2019 and 2018.

	Three months ended March 31,	
	2019	2018
Revenue	\$ 2,060,709	\$ 2,008,288
Cost of sales	1,939,994	2,267,774
Gross margin	120,715	(259,486)
Expenses		
Professional and consulting fees	658,519	620,694
Advertising and promotion	444,687	143,162
Office and general	124,847	247,307
Salaries and wages	447,830	169,055
Technology support and web development	239,671	150,565
Interest, accretion and bank charges	316,299	3,323
Foreign exchange gain	(243,664)	-
Gain on revaluation of warrant liability	-	(110,928)
Share-based compensation	28,329	69,913
Amortization and depreciation	264,047	21,894
Total expenses	2,280,564	1,314,985
Net loss for the period	(2,159,849)	(1,574,471)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(341,648)	(95,612)
Net loss and comprehensive loss for the period	\$ (2,501,497)	\$ (1,670,083)
Net loss and comprehensive loss per share, basic and diluted	\$ (0.06)	\$ (0.06)
Weighted average number of common shares outstanding, basic and diluted	44,962,860	29,432,300

Enthusiast Gaming Holdings Inc.

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For the three month period ended March 31, 2019

Three months ended March 31, 2019 compared to the three months ended March 31, 2018

Revenues

For the three months ended March 31, 2019, revenue increased 3% to \$2,060,709 (\$2,060,709 – digital advertising revenue) compared to \$2,008,288 (\$1,571,769 digital advertising revenue) for the three months ended March 31, 2018, representing an increase of 31% of digital advertising revenue. During the three months ended March 31, 2019, 100% of the Company's revenue was comprised of digital advertising revenue as there was no EGLX live event in the period as it is scheduled for October 2019. The increase in revenue growth between the two periods was generated via organic growth, both through increases in the number of websites in the Enthusiast Network as well as the Company achieving higher sell-through rates via economies of scale.

Category revenue

	Three months ended March 31,	
	2019	2018
Advertising revenue	\$ 2,060,709	\$ 1,569,345
Ticket sales - EGLX live event	-	438,943
Total revenue	\$ 2,060,709	\$ 2,008,288

The decrease of revenue from the three months ended December 31, 2018 is due to lower advertising rates particularly around seasonality of Black Friday and the December Holiday spending period.

Cost of sales

For the three months ended March 31, 2019, cost of sales amounted to \$1,939,994 compared to \$2,267,774 for the three months ended March 31, 2018. The decrease in cost of sales between the two periods is as a result of no EGLX live event being held in the first quarter of 2019. Additionally, gross margin as a percentage of sales increased to 6% from (-13%) as the Company realized economies of scale and cost of sales optimization initiatives.

Category cost of sales

	Three months ended March 31,	
	2019	2018
Advertising cost of sales	\$ 1,939,994	\$ 1,397,320
ELGX live event cost of sales	-	870,454
Total cost of sales	\$ 1,939,994	\$ 2,267,774

Expenses

For the three months ended March 31, 2019, expenses amounted to \$2,280,564 compared to \$1,314,985 for the three months ended March 31, 2018. The increase is primarily due to the scaling up of operations, specifically advertising and promotion, content creation, salaries and wages, and technology support and web development required to meet the Company's strategic growth initiatives. The Company incurred one-time expenses in the quarter including legal, regulatory, professional fees, in addition to one-time due diligence costs associated with its acquisition pipeline.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

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Net loss for the period

For the three months ended March 31, 2019, the net loss amounted to \$2,159,849 compared to a net loss of \$1,574,471 for the three months ended March 31, 2018. The increase in the loss in the first quarter of 2019 is a result of the scaling up of operations generated via organic growth through increases in the number of websites in the Enthusiast Network and respective authentic content creation, in addition to no EGLX live event held in the three months ended March 31, 2019.

Quarterly Financial Information

The following table summarizes the results of our operations for the eight most recently completed fiscal quarters. This unaudited quarterly information has been prepared in accordance with IFRS. Due to seasonality, the results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year.

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
(Unaudited)								
Sales	2,060,709	3,583,005	2,818,337	2,561,225	2,008,288	2,375,754	659,333	298,739
Net loss and comprehensive loss	(2,501,497)	(9,029,079)	(8,142,580)	32,208	(1,670,083)	(165,271)	(267,568)	(296,804)
Net loss and comprehensive loss per share	(0.06)	(0.21)	(0.23)	0.00	(0.06)	(0.11)	(0.02)	(0.02)

Capital Resources

At March 31, 2019 the Company's capital resources consist primarily of cash and cash equivalents, accounts receivables and other receivables and prepaid expenses.

Off Balance Sheet Arrangements

The Company has not entered into any off-Balance Sheet arrangements.

Transactions Between Related Parties

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Information Officer. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation include warrants and stock options vested during the period. Compensation earned by key management for the three months ended March 31, 2019 and 2018, are as follows:

	For the three months ended March 31	
	2019	2018
	\$	\$
Short-term benefits	100,833	206,583
Share-based compensation	28,329	60,730
	129,162	267,313

During the three months ended March 31, 2019, the Company paid consulting fees to the executive officers and their companies in the amount of \$40,615 (three months ended March 31, 2018 - \$27,587). During the three months ended March 31, 2019, the Company also paid consulting fees to two directors in the amount of \$22,750 (three months ended March 31, 2018 - \$nil).

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For the three month period ended March 31, 2019

As at March 31, 2019, the Company also have loans receivable due from the Chief Executive Officer, Chief Operating Officer and Chief Information Officer in the amount of \$58,004, \$55,265 and \$47,996, respectively (December 31, 2018 - \$49,000, \$49,000 and \$49,000, respectively). The loans receivable bears interest at bank's prime interest rate (March 31, 2019 – 3.95%) and matures on August 1, 2019. The Company also has an additional loan receivable from the Chief Executive Officer in the amount of \$43,155 (December 31, 2018 - \$44,283), which bears interest at bank's prime interest rate (March 31, 2019 – 3.95%) and matures on August 31, 2020.

As at March 31, 2019, \$22,750 (December 31, 2018 - \$24,912) was due to related parties for unpaid expenses, unpaid salaries and consulting fees.

Financial Instruments and Financial Risk Exposures

The Company's financial instruments consist of cash, cash in trust, investments, trade and other receivables, loans receivable from related parties, accounts payable and accrued liabilities, long-term debt, lease liability and convertible debentures. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The type of risk exposure and the way in which such exposure is managed is as follows:

a) Credit Risk

The Company's maximum exposure to credit risk for its trade receivables as at March 31, 2019 is \$1,596,726 (December 31, 2018 - \$2,363,387).

All of the Company's cash and cash equivalents are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

b) Concentration Risk

As at March 31, 2019, the Company had four customers which accounted for approximately 61.65% of its trade receivables, with these four customers also accounting for 43.03%, 14.04%, 12.25% and 9.65% of revenues, respectively, for the three months ended March 31, 2019.

As at December 31, 2018, the Company had four customers which accounted for approximately 61.30% of its trade receivables, with these four customers also accounting for 30.03%, 11.80%, 11.29% and 10.31% of revenues, respectively, for the year ended December 31, 2018.

c) Liquidity Risk

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process. The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained.

Enthusiast Gaming Holdings Inc.

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For the three month period ended March 31, 2019

d) Foreign Currency Risk

A large portion of the Company's transactions occur in a foreign currency (mainly in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated trade receivables, accounts payable and cash. As at March 31, 2019, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate \$325,000 (December 31, 2018 - \$198,000) decrease or increase, respectively, in total loss and comprehensive loss.

e) Interest Rate Risk

The Company has no significant exposure as at March 31, 2019 to interest rate risk through its financial instruments.

f) Fair Values

The fair values of the cash, cash in trust, trade receivables, loans receivable from related parties, accounts payable and accrued liabilities, long-term debt, lease liability and convertible debentures approximate their carrying values due to the relatively short-term nature of these financial instruments.

Critical Estimates and Judgements

The preparation of unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated interim financial statements and notes to the unaudited condensed consolidated interim financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, provision for expected credit losses and calculation of warrant liability. These estimates and judgments are further discussed below:

Goodwill impairment testing and recoverability of assets

The Company only has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted

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retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

Provision for expected credit losses ('ECLs')

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Warranty liability

The Black-Scholes Option pricing model is used to determine the fair value of the warrants and utilizes subjective assumptions such as expected price volatility which is based on comparable companies, expected life of the warrant and the risk-free rate. Any changes in these input assumptions can significantly affect the fair value estimate.

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For the three month period ended March 31, 2019

New Accounting Policies Adopted

The Company adopted the following accounting standards which came into effect commencing January 1, 2019:

IFRS 16, Leases

The Company has adopted IFRS 16 with an initial adoption date of January 1, 2019. The Company utilized the modified retrospective method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 17, Leases and related interpretations.

IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases.

The Company has applied IFRS 16 using the modified retrospective method and has recognized the following balances as of the January 1, 2019 adoption date:

Right-of-use asset:		Property
Building lease - cost		66,741
Depeciation recognized to date		-
Net book value as at January 1, 2019	\$	66,741
Lease liability:		Property
Building lease - financing cost		66,741
Payments made to date		-
Balance as at January 1, 2019	\$	66,741

The updated accounting policies, the impact on the March 31, 2019 condensed consolidated interim financial statements, and additional disclosures are detailed as follows:

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses:

- Whether the contract involves the use of an identified asset. This can be specified explicitly or implicitly and should be physically distinct or represents substantially all of the capacity of a physically distinct asset.
- Whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Whether the Company has the right to direct use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

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The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined using the same criteria as those for property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Other Information

This MD&A was prepared as of May 30, 2019. As at this date the Company has 50,496,802 common shares. Additionally, the cash balance as at this date was \$1,603,190.

Risks and Uncertainties

Enthusiast has a limited operating history

Enthusiast was incorporated under the laws of the Province of Ontario on January 10, 2014. Enthusiast's lack of operating history may make it difficult for investors to evaluate Enthusiast's prospects for success and there is no guarantee that Enthusiast's business model will continue to achieve its strategic objectives. There is no assurance that Enthusiast will be successful and the likelihood of success must be considered in light of its relatively early stage of operation.

Uncertainty of future revenues

Although management is optimistic about Enthusiast's prospects, there is no guarantee that expected outcomes and sustainable revenue streams will be achieved. Enthusiast faces risks frequently encountered by early-stage companies. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on Enthusiast's business, financial condition and results.

Enthusiast cannot be certain that additional financing will be available on reasonable terms when required, or at all

From time to time, Enthusiast may need additional financing. Its ability to obtain additional financing, if and when required, will depend on investor demand, Enthusiast's operating performance, the condition of the capital markets, and other factors. Enthusiast cannot assure investors that additional financing will be available to it on favourable terms when required, or at all. If Enthusiast 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 its common shares, and existing shareholders may experience dilution.

Enthusiast has grown and plans to continue to grow at a rapid pace

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Enthusiast's business has grown rapidly since its inception. If Enthusiast continues its rapid growth, it may incur additional expenses, and its growth may place a strain on resources, infrastructure, and ability to maintain the quality of its offerings. Enthusiast's inability to properly manage or support its growth could have a material adverse effect on Enthusiast's business, financial condition and results of operations and could cause the market value of the Resulting Issuer Shares to decline.

Reliance on advertisers for revenue

Enthusiast relies on advertisers to purchase inventory from Enthusiast's network of digital media publishers and advertising related to its Expo for future revenue. Enthusiast's inability to secure contracts for advertising revenues may have a material adverse effect on its business, financial condition, and results of operations. Additionally, this is a relatively new and rapidly evolving industry and as such, it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online advertising or that the supply of advertising inventory on gaming digital media properties will not exceed the demand. If the industry grows more slowly than anticipated or Enthusiast's existing products and services lose, or its new products and services fail to achieve, market acceptance, Enthusiast may be unable to achieve its strategic business objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operation.

Enthusiast depends on third parties, including users and content providers

Enthusiast is reliant to an extent on third parties, including content providers, users, and affiliate network publishers. Enthusiast's success is partially dependent on its ability to attract and retain quality content providers. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of Enthusiast. Moreover, Enthusiast's financial performance will be significantly determined by its success in adding, retaining, and engaging active users of its network of digital media properties. If users do not perceive Enthusiast's content as interesting, unique and useful, Enthusiast may not be able to attract or retain additional users, which could adversely affect the business.

Enthusiast may be unable to complete favourable acquisitions

As part of Enthusiast's business strategy, it may attempt to acquire businesses that it believes are a strategic fit with its business, such as gaming digital media publishers. Enthusiast may not be able to complete such acquisitions on favourable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since Enthusiast may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisition Enthusiast completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

Limited long-term agreements for advertising revenue

Enthusiast's success requires it to maintain and expand its current advertising revenue-generating relationships and to develop new relationships. Enthusiast's contracts that help drive advertising revenue generally do not include long-term obligations requiring third parties to purchase Enthusiast's inventory and services or Enthusiast to market their advertising inventory. As a result, Enthusiast may have limited visibility as to its future advertising revenue streams. Enthusiast cannot ensure its advertising revenue generating sources will continue to operate or that Enthusiast will be able to replace, in a timely or effective manner, departing clients with new sources that generate comparable revenue. Any non-renewal, renegotiation, cancellation or deferral of significant advertising contracts that in the aggregate account for a significant amount of revenue, could have a material adverse effect on Enthusiast's prospects, business, financial condition, and results of operations.

Brand development

Enthusiast Gaming Holdings Inc.

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The brand identity that Enthusiast has developed has significantly contributed to the success of its business. Maintaining and enhancing the “Enthusiast” brand is critical to expanding Enthusiast’s user base, network of publishers, and advertisers. Enthusiast believes that the importance of brand recognition will increase due to the relatively low barrier to entry in the industry. The “Enthusiast” brand may be negatively impacted by a number of

factors, including software malfunctions, delivery of incorrect information, and data privacy and security issues. If Enthusiast fails to maintain and enhance its brand, or if Enthusiast incurs excessive expenses in this effort, it could have a material adverse effect on Enthusiast’s prospects, business, financial condition, and results of operations. Maintaining and enhancing the “Enthusiast” brand will depend largely on Enthusiast’s ability to continue to provide high-quality products and services, which Enthusiast may not continue to do successfully.

The loss of one or more of Enthusiast’s key personnel, or its failure to attract and retain other highly qualified personnel in the future, could harm its business

Enthusiast currently depends on the continued services and performance of its key personnel. The loss of key personnel, including members of management as well as other key personnel, could disrupt Enthusiast’s operations and have an adverse effect on its business and customer relationships. Additionally, Enthusiast’s success depends on the efforts and abilities of management to attract and retain qualified personnel to manage operations and growth. Failure to attract key individuals may have an adverse effect on the business, operations, and results.

Risk Factors Related to Enthusiast’s Business Model and Use of Technology

The adtech and programmatic optimization tools utilized by Enthusiast are highly technical, and if not utilized properly, Enthusiast’s business could be adversely affected

The adtech and programmatic optimization tools utilized by Enthusiast enable Enthusiast to target advertisements by a number of factors, including age, gender, income, occupation, etc. There can be no assurance that the adtech and programmatic optimization tools utilized by Enthusiast will not be enhanced or rendered obsolete by advances in technology, or that Enthusiast will be able to utilize the adtech or programmatic tools necessary to remain competitive. This could have an adverse effect on Enthusiast’s business, operations and financial condition. Moreover, the adtech and programmatic optimization tools utilized by Enthusiast are highly technical and complex and may now or in the future contain, undetected errors, bugs, or vulnerabilities which may result in unsuccessful advertising campaigns. Any unsuccessful advertising campaigns could result in damage to Enthusiast’s reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect Enthusiast’s business and financial results.

Users may use ad-blockers

The success of Enthusiast’s business model depends on its ability to deliver targeted, highly relevant ads to users of Enthusiast’s network of digital media properties. Targeted advertising is done primarily through analysis of data, much of which is collected on the basis of user-provided permissions. This data might include a user’s location, or data collected when users view an advertisement or when they click on or otherwise engage with an advertisement. Users may elect not to allow data sharing for targeted advertising for a number of reasons, such as privacy concerns. In addition, companies are constantly developing products that enable users to prevent advertisements from appearing on their web browsers. Wider adoption of these products could have a material adverse effect on Enthusiast’s prospects, business, financial conditions, and results of operations.

Enthusiast IP may be subject to misappropriation

Protection of Enthusiast’s trademarks and domain names are important to its success. Enthusiast currently protects its IP rights by relying on common law rights. These steps may not be sufficient to prevent the misappropriation of Enthusiast’s proprietary information or deter independent development of similar products and services by others.

Enthusiast Gaming Holdings Inc.

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In the future, should Enthusiast proceed to register its IP, it would be a process that is likely expensive and time consuming and ultimately, it may not be successful in registering its IP. The absence of registered IP rights, or the failure to obtain such registrations in the future, may result in Enthusiast being unable to successfully prevent its competitors from imitating its products, services, and processes. Such imitation may lead to increased competition. Even if Enthusiast's IP rights were registered, its IP rights may not be sufficiently comprehensive to prevent its competitors from developing similar competitive products, services, and processes.

Litigation may be necessary to enforce Enthusiast's IP rights. Litigation of this nature, regardless of the outcome, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect Enthusiast's business and operating results. Moreover, due to the differences in foreign laws concerning proprietary rights, Enthusiast's IP may not receive the same degree of protection in foreign countries as it would in Canada or the United States. Enthusiast's failure to possess, obtain or maintain adequate protection of its IP rights for any reason could have a material adverse effect on its business, results of operations, and financial condition.

Enthusiast may face allegations that it has infringed the trademarks, copyrights, patents, and other IP rights of third parties, including from its competitors and former employers of Enthusiast's personnel.

If Enthusiast's products, services, or solutions employ subject matter that is claimed under its competitors' IP, those companies may bring infringement actions against Enthusiast. Whether a product infringes a patent or other IP right involves complex legal and factual issues, the determination of which is often uncertain.

Infringement and other IP claims, with or without merit, can be expensive and time consuming to litigate, and the results are difficult to predict. Enthusiast may not have the financial and human resources to defend against any infringement suits that may be brought. As the result of any court judgment or settlement, Enthusiast may be obligated to stop offering certain features, pay royalties or significant settlement costs, purchase licenses or modify its software and features, or develop substitutes.

Enthusiast's business is highly competitive. Competition presents an ongoing threat to the success of its business

The digital media advertising market is highly competitive and quickly changing. Enthusiast faces competition from a variety of digital media publishers all over the world. Some of Enthusiast's current and potential competitors have significantly greater resources and better competitive positions in certain markets than Enthusiast does. These factors may allow Enthusiast's competitors to respond more effectively than Enthusiast to new or emerging technologies and changes in market requirements. Including changes to government regulation.

There is no certainty that Enthusiast's competitors will not develop similar or superior services which may render Enthusiast uncompetitive. Certain competitors have more established relationships and greater financial resources and they can use their resources against Enthusiast in a variety of competitive ways, including by making acquisitions, investing aggressively in research and development, and competing aggressively for advertisers, technologies, digital media rights, websites, and applications. If competitors are more successful than Enthusiast in developing compelling products and engaging content or in attracting and retaining users, advertisers, and digital media rights, Enthusiast's revenues, growth rates, and the value of its digital assets could be negatively affected. There is no assurance that Enthusiast will be able to maintain its position in the marketplace.

Regulation

Enthusiast is subject to general business regulations and laws as well as regulations and laws specifically governing gaming and the internet. Existing and future laws and regulations may impede Enthusiast's growth strategies. These regulations and laws may cover taxation, privacy, data protection, pricing, content, copyrights, distribution, consumer protection, web services, websites, and the characteristics and quality of products and services. Unfavourable changes in regulations and laws could decrease demand for Enthusiast's digital media properties and inventory and increase its cost of doing business or otherwise have a material adverse effect on Enthusiast's reputation, popularity, results of operations, and financial condition.

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Enthusiast's management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of its business

The individuals who now constitute Enthusiast's management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Enthusiast's management team may not successfully or efficiently manage a public company that is subject to significant regulatory oversight and reporting obligations.

The requirements of being a public company may strain the Resulting Issuer's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members

As a reporting issuer, the Resulting Issuer will be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations will increase the Resulting

Issuer's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws require the Resulting Issuer to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require the Resulting Issuer to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, it is anticipated that the Resulting Issuer will improve its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. To comply with these requirements, Enthusiast may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Enthusiast intends to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Resulting Issuer and the Resulting Issuer's business may be adversely affected.

As a public company subject to these rules and regulations, the Resulting Issuer may find it more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Resulting Issuer

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to attract and retain qualified members of its board of directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, Enthusiast's business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, the Resulting Issuer's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the Resulting Issuer's management and harm its business and results of operations.

Reliance on third party owned communication networks

The delivery of Enthusiast's products and services and a significant portion of Enthusiast's revenues are dependent on the continued use and expansion of third party owned communication networks, including wireless networks and the internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for Enthusiast.

Effective delivery of Enthusiast's products and services through the internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access Enthusiast's content. Changes in access fees to distributors, such as Enthusiast or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, could result in increased costs to Enthusiast. All of these factors are out of Enthusiast's control and manifestation of any of them could ultimately have a material adverse effect on Enthusiast's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or reliability. Internet outages, delays or loss of network connectivity may result in partial or total failure of Enthusiast's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, or the loss of revenue because of the inability of users to access Enthusiast's network of digital properties, any of which could have a material adverse effect on Enthusiast's prospects, business, financial condition or results of operations.

Security of Enthusiast's digital media properties

Enthusiast cannot guarantee absolute protection against unauthorized attempts to access its IT systems, including malicious third-party applications or denial of service attacks that may interfere with or exploit security flaws in its digital media properties. Viruses, worms, and other malicious software programs could jeopardize the security of information stored in a user's computer or in Enthusiast's computer systems or attempt to change the internet experience of users by interfering with Enthusiast's ability to connect with a user. If any compromise to Enthusiast's security measures were to occur and Enthusiast's efforts to combat this breach were unsuccessful, Enthusiast's reputation may be harmed leading to an adverse effect on Enthusiast's financial condition and future prospects.

The price of the securities of the Resulting Issuer may fluctuate significantly, which may make it difficult for holders of securities of the Resulting Issuer to sell their securities at a time or price they find attractive

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The Resulting Issuer's stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond its control. In addition to those described under "Forward Looking Information" these factors include:

- actual or anticipated quarterly fluctuations in its operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts with respect to it or other financial institutions;
- reports in the press or investment community generally or relating to the Resulting Issuer's reputation or the industry in which it operates;
- strategic actions by the Resulting Issuer or its competitors, such as acquisitions, restructurings, dispositions, or financings;
- fluctuations in the stock price and operating results of the Resulting Issuer's competitors;
- future sales of the Resulting Issuer's equity or equity-related securities;
- proposed or adopted regulatory changes or developments; and
- domestic and international economic factors unrelated to the Resulting Issuer's performance.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect the Resulting Issuer's stock price, notwithstanding the Resulting Issuer's operating results. Enthusiast expects that the market price of the Resulting Issuer Shares will fluctuate and there can be no assurances about the market prices of such shares.

Enthusiast does not know whether an active, liquid and orderly trading market will develop for the securities of the Resulting Issuer or what the market price of the securities of the Resulting Issuer will be and as a result it may be difficult for investors to sell their securities of the Resulting Issuer

An active trading market for securities of the Resulting Issuer may never develop or be sustained following the Amalgamation. The lack of an active market may impair an investor's ability to sell their securities of the Resulting Issuer at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of the Resulting Issuer. Further, an inactive market may also impair the Resulting Issuer's ability to raise capital by selling securities of the Resulting Issuer and may impair its ability to enter into collaborations or acquire companies or products by using securities of the Resulting Issuer as consideration. The market price of securities of the Resulting Issuer may be volatile, and an investor could lose all or part of their investment.

Enthusiast does not intend to pay dividends on the Resulting Issuer Shares for the foreseeable future

Enthusiast currently does not plan to declare dividends on the Resulting Issuer Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Resulting Issuer. Consequently, an investor's only opportunity to achieve a return on the investment in the Resulting Issuer will be if the market price of the Resulting Issuer Shares appreciates and the investor sells shares at a profit. There is no guarantee that the price of the Resulting Issuer Shares that will prevail in the market after the Amalgamation will ever exceed the price that an investor paid.

If research analysts do not publish research about the Resulting Issuer's business or if they issue unfavourable commentary or downgrade the Resulting Issuer Shares, the Resulting Issuer's stock price and trading volume could decline

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The trading market for the securities of the Resulting Issuer may depend in part on the research and reports that research analysts publish about the Resulting Issuer and its business. If the Resulting Issuer does not maintain adequate research coverage, or if one or more analysts who covers the Resulting Issuer downgrades its stock, or publishes inaccurate or unfavourable research about the Resulting Issuer's business, the price of the Resulting Issuer Shares could decline. If one or more of the research analysts ceases to cover the Resulting Issuer or fails to publish reports on it regularly, demand for securities of the Resulting Issuer could decrease, which could cause the Resulting Issuer's stock price or trading volume to decline.

Currency fluctuations

Enthusiast's reporting currency is Canadian dollars but an increasing proportion of Enthusiast's revenue may be earned and expenses may be incurred in other currencies, including the US dollar. The movement of the US dollar against the Canadian dollar could have a material adverse effect on Enthusiast's prospects, business, financial condition, and results of operation.

Historical Losses and Negative Operating Cash Flows

Enthusiast has a history of operating losses and may generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its network of digital media properties. Enthusiast has made significant up-front investments in acquiring significant digital media assets, marketing, and general and administrative expenses in order to rapidly develop and expand its business. The successful development and commercialization of these operations will depend on a number of significant financial, logistical, technical, marketing, legal, competitive, economic and other factors, the outcome of which cannot be predicted. There is no guarantee that Enthusiast's operations will be profitable or produce positive cash flow or that Enthusiast will be successful in generating significant revenues in the future or at all. While Enthusiast can utilize cash and cash equivalents to fund its operating and growth expenditures, it does not have access to significant committed credit facilities or other committed sources of funding. Enthusiast's inability to ultimately generate sufficient revenues to become profitable and have positive cash flows could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business.

MD&A Preparation

This MD&A was prepared as of May 30, 2019. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2019. This MD&A is intended to assist the reader's understanding of the Company and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

Managements Responsibility for Financial Statements

The information provided in this report, is the responsibility of management. During the preparation of financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Enthusiast's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually and is free to meet with them throughout the year.

APPENDIX 15
PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

Enthusiast Gaming Holdings Inc.
Pro Forma Consolidated Statement of Financial Position
As at March 31, 2019

(Expressed in Canadian Dollars)(Unaudited) - See accompanying notes to unaudited pro forma financial statements

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Assets									
Current assets									
Cash	\$ 1,227,926	\$ 3,901,253	\$ 127,566	\$ (1,500,000)	\$ 25,336,978	\$ 10,123,505	\$ -	\$ 44,910,483	2(a)
				(2,000,000)					2(a)
				24,067,119					2(h)
				9,638,114					2(i)
				(10,000,000)					2(i)
				(125,000)					2(k)
							10,000,000		2(i)
							(300,000)		2(i)
							(250,000)		2(j)
Restricted cash	-	24,067,119	-	(24,067,119)	-	-	-	-	2(h)
Cash in trust	-	-	-	-	-	70,658	-	70,658	
Investments	-	-	-	-	-	125,104	-	125,104	
Subscriptions receivable	-	5,000	-	-	5,000	-	-	5,000	
Due from related parties	-	-	-	-	-	-	-	-	
Trade and other receivables	-	210,982	292,733	-	503,715	1,821,038	-	2,324,753	
Loans receivable	-	1,670,375	-	-	1,670,375	161,265	-	1,831,640	
Prepaid expenses	10,659	-	-	-	10,659	168,135	-	178,794	
	1,238,585	29,854,729	420,299	(3,986,886)	27,526,727	12,469,705	9,450,000	49,446,432	
Loans receivable	-	-	-	10,000,000	10,000,000	43,155		43,155	2(i)
							(10,000,000)		2(i)
Intangible assets	-	-	-	-	-	1,277,471	-	1,277,471	
Right-of-use asset, net	-	-	-	-	-	58,398	-	58,398	
Property and equipment	-	-	-	-	-	127,673	-	127,673	
Unallocated purchase price	-	-	-	29,621,170	29,621,170	-		141,505,634	2(a)
							111,884,464		2(c)
	1,238,585	29,854,729	420,299	35,634,284	67,147,897	13,976,402	111,334,464	192,458,763	

Continued on following page.

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	81,503	1,522,388	806,664	50,000	2,510,555	2,786,055		7,546,610	2(d)
				50,000					2(e)
							1,500,000		2(f)
							750,000		2(f)
Taxes payable	-	-	171,295	-	171,295	-	-	171,295	
Current portion of long-term debt	-	-	-	2,000,000	10,000,000	7,457		7,457	2(a)
				(2,000,000)					2(a)
				10,000,000					2(i)
							(10,000,000)		2(i)
Current portion of lease liability	-	-	-	-	-	20,542	-	20,542	
	81,503	1,522,388	977,959	10,100,000	12,681,850	2,814,054	(7,750,000)	7,745,904	
Long-term debt	-	-	-	-	-	29,880	-	29,880	
Long-term portion of lease liability	-	-	-	-	-	31,731	-	31,731	
Convertible debentures	-	-	-	-	-	7,434,715	-	7,434,715	
Deferred tax liability	-	-	-	-	-	196,792	-	196,792	
	81,503	1,522,388	977,959	10,100,000	12,681,850	10,507,172	(7,750,000)	15,439,022	
Shareholders' Equity									
Share capital	1,304,750	28,972,511	10	(10)	61,376,021	17,845,606		158,245,187	2(a)
				27,000,000					2(a)
				(1,436,490)					2(a)
				(1,304,750)					2(b)
				6,840,000					2(b)
							(17,845,606)		2(c)
							86,869,166		2(c)
							10,000,000		2(i)
Contributed surplus	-	-	-	646,983	646,983	790,487		6,512,937	2(b)
					-		(790,487)		2(c)
							5,865,954		2(c)
Warrants reserve	191,750	115,913	-	(191,750)	228,090	10,160,644		21,236,427	2(b)
				112,177					2(b)
							(10,160,644)		2(c)
							21,008,337		2(c)
Conversion option on convertible debentures	-	-	-	-	-	313,780	(313,780)	1,610,237	2(c)
							1,610,237		2(c)

Continued on following page.

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Accumulated other comprehensive loss	-	-	-	-	-	(1,173,312)	1,173,312	-	2(c)
Retained earnings (deficit)	(339,418)	(756,083)	(557,670)	557,670	(7,785,047)	(24,467,975)		(10,585,047)	2(a)
				339,418					2(b)
				(6,442,078)					2(b)
				(50,000)					2(d)
				(50,000)					2(e)
				(125,000)					2(k)
				(361,886)					2(i)
							(1,500,000)		2(f)
							(750,000)		2(f)
							(300,000)		2(i)
							(250,000)		2(j)
							24,467,975		2(c)
	1,157,082	28,332,341	(557,660)	25,534,284	54,466,047	3,469,230	119,084,464	177,019,741	
	\$ 1,238,585	\$ 29,854,729	\$ 420,299	\$ 35,634,284	\$ 67,147,897	\$ 13,976,402	\$ 111,334,464	\$ 192,458,763	

Enthusiast Gaming Holdings Inc.
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the three months ended March 31, 2019

(Expressed in Canadian Dollars)(Unaudited) - See accompanying notes to unaudited pro forma financial statements

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Revenue	\$ -	\$ -	\$ 426,868	\$ (113,334)	\$ 313,534	\$ 2,060,709	-	\$ 2,374,243	2(g)
Cost of sales	-	-	759,632	-	759,632	1,939,994	-	2,699,626	
Gross margin	-	-	(332,764)	(113,334)	(446,098)	120,715	-	(325,383)	
Expenses									
Advertising and marketing	-	50,000	-	-	50,000	444,687	-	494,687	
Salaries and wages	-	-	-	-	-	447,830	-	447,830	
Consulting fees	-	243,173	-	113,334	356,507	-	-	356,507	2(g)
Office and general	11,985	15,957	23,384	-	51,326	124,847	-	176,173	
Professional fees	50,217	28,098	30,184	-	108,499	658,519	-	767,018	
Occupancy costs	-	-	-	-	-	-	-	-	
Travel and meals	-	-	126,861	-	126,861	-	-	126,861	
Team and game expenses	-	-	38,300	-	38,300	-	-	38,300	
Interest, accretion, and bank charges	-	-	-	-	-	316,299	-	316,299	
Technology support and web development	-	-	-	-	-	239,671	-	239,671	
Share-based compensation	-	-	-	-	-	28,329	-	28,329	
Amortization	-	-	-	-	-	264,047	-	264,047	
Foreign exchange (gain) loss	-	34,750	-	-	34,750	(243,664)	-	(208,914)	
	62,202	371,978	218,729	113,334	766,243	2,280,564	-	3,046,808	
Net loss for the period	(62,202)	(371,978)	(551,493)	(226,668)	(1,212,341)	(2,159,849)	-	(3,372,191)	
Other comprehensive income (loss)									
Provision for recovery of income taxes	-	-	130,165	-	130,165	-	-	130,165	
Foreign currency translation adjustment	-	-	(18,714)	-	(18,714)	(341,648)	-	(341,648)	
Comprehensive loss for the period	\$ (62,202)	\$ (371,978)	\$ (440,042)	\$ (226,668)	\$ (1,100,890)	\$ (2,501,497)	\$ -	\$ (3,583,674)	

Enthusiast Gaming Holdings Inc.
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the year ended December 31, 2018

(Expressed in Canadian Dollars)(Unaudited) - See accompanying notes to unaudited pro forma financial statements

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Revenue	\$ -	\$ -	\$ 3,847,127	\$ -	\$ 3,847,127	\$ 10,970,855	-	\$ 14,817,982	
Cost of sales	-	-	3,081,916	-	3,081,916	9,428,575	-	12,510,491	
Gross margin	-	-	765,211	-	765,211	1,542,280	-	2,307,491	
Expenses									
Advertising and marketing	-	-	-	-	-	2,329,604	-	2,329,604	
Salaries and wages	-	-	-	125,000	125,000	954,866	-	1,329,866	2(k)
Consulting fees	-	243,173	-	-	605,059	-	250,000	2,405,059	2(j)
				361,886			-		
							1,500,000		2(i)
							300,000		2(f)
Office and general	11,985	15,957	74,724	-	102,666	1,083,473	-	1,186,139	2(i)
Professional fees	50,217	28,098	250,252	50,000	428,567	4,102,108	-	5,280,675	2(d)
				50,000			-		2(d)
							750,000		2(f)
Occupancy costs	-	-	-	-	-	-	-	-	
Travel and meals	-	-	239,435	-	239,435	-	-	239,435	
Team and game expenses	-	-	159,050	-	159,050	-	-	159,050	
Interest, accretion, and bank charges	-	-	-	-	-	217,048	-	217,048	
Technology support and web development	-	-	-	-	-	703,439	-	703,439	
Share-based compensation	-	-	-	-	-	1,617,621	-	1,617,621	
Amortization	-	-	-	-	-	558,136	-	558,136	
Foreign exchange (gain) loss	-	34,750	-	-	34,750	(343,498)	-	(308,748)	
Goodwill impairment	-	-	-	-	-	765,532	-	765,532	
Loss on revaluation of warrant liability	-	-	-	-	-	6,480,933	-	6,480,933	
Loss on investment	-	-	-	-	-	120,000	-	120,000	
Bad debt	-	-	-	-	-	104,141	-	104,141	
Listing expense	-	-	-	6,442,078	6,442,078	1,259,425	-	7,701,503	
	62,202	321,978	723,461	7,028,964	8,136,605	19,952,828	2,800,000	30,889,433	

Continued on following page.

	J55 Capital Corp.	Aquilini GameCo Inc.	Luminosity Gaming Inc.	QT Pro Forma Adjustments	QT Resulting Issuer Pro Forma	Enthusiast Gaming Holdings Inc.	POA Pro Forma Adjustments	QT & POA Resulting Issuer Pro Forma	Ref
Net income (loss) for the period	(62,202)	(321,978)	41,750	(7,028,964)	(7,371,394)	(18,410,548)	(2,800,000)	(28,581,942)	
Other comprehensive income (loss)									
Provision for income taxes	-	-	(17,176)	-	(17,176)	43,444	-	26,268	
Foreign currency translation adjustment	-	-	160,314	-	160,314	(792,393)	-	(792,393)	
Comprehensive income (loss) for the period	\$ (62,202)	\$ (321,978)	\$ 184,888	\$ (7,028,964)	\$ (7,228,256)	\$ (19,159,497)	\$ (2,800,000)	\$ (29,348,067)	

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements of Enthusiast Gaming Holdings Inc. (“Enthusiast” or “the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) for inclusion in the Management Information Circular and Proxy Statement of the Company dated July 22, 2019. In the opinion of management, the pro forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro forma consolidated financial statements of the Company have been compiled from the following financial information:

- Audited consolidated financial statements of Enthusiast for the year ended December 31, 2018;
- Unaudited condensed consolidated interim financial statements of Enthusiast for the three months ended March 31, 2019;
- Audited financial statements of Aquilini GameCo Inc. (“GameCo”) for the period from August 29, 2018 (date of incorporation) to December 31, 2018;
- Unaudited condensed interim financial statements of GameCo for the three months ended March 31, 2019;
- Audited combined financial statements of Luminosity Gaming Inc. (“Luminosity”) for the year ended December 31, 2018;
- Unaudited condensed combined interim financial statements of Luminosity for the three months ended March 31, 2019;
- Audited financial statements of J55 Capital Corp. (“J55”) for the year ended December 31, 2018; and
- Unaudited condensed interim financial statements of J55 for the three months ended March 31, 2019.

The unaudited pro forma consolidated statement of financial position has been prepared as if the transactions described in Note 2 had occurred on March 31, 2019. The unaudited pro forma consolidated statements of loss and comprehensive loss have been prepared as if the transactions described in Note 2 had occurred on January 1, 2018.

The unaudited pro forma consolidated financial statements are not intended to reflect the financial position or performance of the Company which would have actually resulted had the proposed transactions described in Note 2 and other pro forma adjustments occurred as

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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assumed. Further, these unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position or performance that may be attained in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with the financial information referred to above.

2. PRO FORMA ASSUMPTIONS

- a) The completion of the acquisition of Luminosity by GameCo (the “Acquisition”) in accordance with a share purchase agreement dated February 14, 2019 (the “SPA”), between GameCo, Luminosity, and Stephen Maida (founder and sole shareholder of Luminosity), pursuant to which GameCo agreed to acquire Luminosity in exchange for: (i) \$1,500,000 in cash, payable on the closing date; (ii) 60,000,000 common shares in the capital of the GameCo, issuable on the closing date and subject to certain escrow conditions; and (iii) a promissory note, issuable on the closing date, with a principal value of \$2,000,000, maturing on the completion of the of the transaction describe in 2(b).

Following the Acquisition, the shareholders of GameCo will control Luminosity and for accounting purposes GameCo will be deemed the acquirer. The Acquisition will be accounted for in accordance with IFRS 3 *Business Combinations* (“IFRS 3”), as the operations of Luminosity constitute a business. The assets and liabilities of Luminosity will be included in the consolidated statement of financial position at fair value, which approximates their pre-combination carrying values. The share capital and the retained earnings of Luminosity will be eliminated.

Net assets of Luminosity

Cash	\$	127,566
Trade and other receivables		292,733
Accounts payable and accrued liabilities		(806,664)
Taxes payable		(171,295)
Fair value of identifiable net assets		(557,660)
Unallocated purchase price		29,621,170 ⁽ⁱ⁾
	\$	29,063,510

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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Consideration comprised of:

Fair value of common shares [assumed price]	\$ 27,000,000	(ii)
Cash consideration, payable on closing	1,500,000	
Promissory note	2,000,000	(iii)
Working capital adjustment	(1,436,490)	(iv)
	<u>\$ 29,063,510</u>	

(i) The unallocated purchase price represents the unidentifiable net assets of Luminosity, measured as the difference between the fair value of the identifiable net assets of Luminosity and the fair value of the consideration.

(ii) The fair value of the common shares was measured to be \$27,000,000 based on 60,000,000 common shares at a fair value of \$0.45 per share. The fair value per share was measured to be \$0.45 based on the conversion price of convertible securities issued by GameCo in recent private arm's length transactions.

(iii) The promissory note will have a principal balance of \$2,000,000, will be secured against the assets of Luminosity, and shall accrue interest on the basis of 6% per annum. It will mature at the earlier of: i) one year following the issuance of the audited financial statement of Luminosity for the year ended December 31, 2018; ii) the consummation of a change of control of GameCo; and, iii) the completion of an initial public offering of GameCo's common shares.

(iv) The number of common shares issuable pursuant to the SPA shall be reduced by the quotient obtained by dividing a) the working capital of Luminosity less \$400,000 by b) \$0.30.

b) The completion of the transaction between J55 and GameCo Inc. in accordance with an amalgamation agreement dated May 30, 2019, pursuant to which J55 will acquire all of the issued and outstanding securities of GameCo in exchange for identical securities of J55 on a one-for-one basis (the "Transaction"). The Transaction will be a Non-Arm's Length Qualifying Transaction, as defined in the policies of the TSXV. Following the Transaction, the shareholders of GameCo will control J55 and for accounting purposes GameCo will be considered the Acquirer. The Transaction constitutes a reverse takeover of J55 but does not meet the definition of a business combination under IFRS 3; accordingly, the Transaction will be accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2"). The assets and liabilities of J55 will be included in the consolidated statement of financial position at fair value, which approximate their pre-combination carrying values. Share capital, warrants reserve, and deficit of J55 will be eliminated.

In connection with closing of the Transaction, J55 intends to consolidate its issued and outstanding common shares on the basis of 1.25 pre-consolidation shares for every one post-consolidation share. This consolidation is reflected in the tables and notes below.

Enthusiast Gaming Holdings Inc.

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(Expressed in Canadian Dollars)

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Net assets of J55:

Cash	\$	1,227,926
Prepaid expenses		10,659
Accounts payable and accrued liabilities		(81,503)
Fair value of identifiable net assets	\$	1,157,082

Consideration comprised of:

Fair value of common shares [assumed price]	\$	6,840,000	(i)
Fair value of stock options [assumed price]		646,983	(ii)
Fair value of warrants [assumed price]		112,177	(iii)
Fair value of equity consideration		7,599,160	
Listing expense		(6,442,078)	(iv)
	\$	1,157,082	

- (i) The fair value of the common shares was measured to be \$6,840,000 based on 15,200,000 common shares at a fair value of \$0.45 per share. The fair value per share was measured to be \$0.45 based on the conversion price of convertible securities issued by GameCo in recent private arm's length transactions.
- (ii) The fair value of 1,520,000 options issued to J55 holders were valued using the Black-Scholes option pricing model with the following assumptions: Share price - \$0.45; Exercise price - \$0.125; Dividend yield - Nil; Expected volatility - 100%; Risk-free interest rate - 1.62%; and Expected life - 9.71 years.
- (iii) The fair value of 320,000 warrants issued to J55 holders were valued using the Black-Scholes option pricing model with the following assumptions: Share price - \$0.45; Exercise price - \$0.125; Dividend yield - Nil; Expected volatility - 100%; Risk-free interest rate - 1.55%; and Expected life - 1.71 years.
- (iv) The listing expense represents the difference between the fair value of the net assets of J55 and the fair value of the equity consideration.

- c) The completion of the arrangement between Enthusiast, GameCo, and J55, in accordance with an arrangement agreement between those parties dated May 30, 2019 (the "Arrangement Agreement"). Pursuant to the Arrangement Agreement J55 will acquire all of the outstanding common shares of Enthusiast in exchange for common shares of J55 on the basis of 4.22 post J55 Shares for each one Enthusiast common share (the "Arrangement" or the "POA"). The Arrangement constitutes a merger of Enthusiast Gaming and J55 on a fully diluted basis, after giving effect to the Luminosity Acquisition and the Transaction. The Arrangement will be accounted for in accordance with IFRS 3, with GameCo being the acquirer for accounting purposes. The assets and liabilities of Enthusiast will be included in the consolidated statement of financial position at fair value, which approximates their pre-combination carrying values. The share capital and the retained earnings of Enthusiast will be eliminated.

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

The effect of the 4.22 exchange ratio is reflected in the tables and notes below.

Net assets of Enthusiast:

Cash	\$ 10,123,505	
Cash in trust	70,658	
Investments	125,104	
Trade and other receivables	1,821,038	
Loans receivable (current)	161,265	
Prepaid expenses	168,135	
Loans receivable (long-term)	43,155	
Intangible assets	1,277,471	
Right-of-use asset, net	58,398	
Property and equipment	127,673	
Accounts payable and accrued liabilities	(2,786,055)	
Current portion of long-term debt	(7,457)	
Current portion of lease liability	(20,542)	
Long-term debt	(29,880)	
Long-term portion of lease liability	(31,731)	
Convertible debentures	(7,434,715)	
Deferred tax liability	(196,792)	
Fair value of identifiable net assets	3,469,230	
Unallocated purchase price	111,884,464	(i)
	<u>\$ 115,353,694</u>	

Consideration comprised of:

Fair value of common shares [assumed price]	\$ 86,869,166	(ii)
Fair value of stock options [assumed price]	5,865,954	(iii)
Fair value of warrants [assumed price]	21,008,337	(iv)
Fair value of conversion option on convertible debentures [assumed price]	1,610,237	(v)
	<u>\$ 115,353,694</u>	

- (i) The unallocated purchase price represents the unidentifiable net assets of Enthusiast, measured as the difference between the fair value of the identifiable net assets of Enthusiast and the fair value of the consideration.
- (ii) The fair value of the common shares was measured to be \$86,869,166 based on 193,042,591 common shares at a fair value of \$0.45 per share. The fair value per share was measured to be \$0.45 based on the conversion price of convertible securities issued by GameCo in recent private arm's length transactions as well as the deemed conversion price pursuant to the Arrangement between Enthusiast, GameCo, and J55.

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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- (iii) The fair value of 15,150,956 options issued to Enthusiast holders were valued using the Black-Scholes option pricing model with the following assumptions: Share price - \$0.45; Exercise price - \$0.09; Dividend yield - Nil; Expected volatility - 100%; Risk-free interest rate - 1.55%; and Expected life - 2.87 years.
- (iv) The fair value of 76,298,600 warrants issued to Enthusiast holders were valued using the Black-Scholes option pricing model with the following assumptions: Share price - \$0.45; Exercise price - \$0.24; Dividend yield - Nil; Expected volatility - 100%; Risk-free interest rate - 1.55%; and Expected life - 1.27 years.
- (v) The fair value of the conversion feature issued to Enthusiast debenture holders was valued using the Black-Scholes option pricing model with the following weighted average assumptions: Share price - \$0.45; Exercise price - \$0.38; Dividend yield - Nil; Expected volatility - 100%; Risk-free interest rate - 1.55%; and Expected life - 2.76 years.
- d) The estimated remaining transaction costs related to the transaction between GameCo and Luminosity are \$50,000.
- e) The estimated remaining transaction costs related to the transaction between GameCo and J55 are \$50,000.
- f) The estimated transaction costs related to the transaction between GameCo, J55, and Enthusiast are \$2,250,000, of which \$750,000 relate to professional fees and \$1,500,000 relate to consulting fees related to advisory services.
- g) During the three months ended March 31, 2019, Luminosity recognized \$113,334 of revenue attributable to GameCo, which would be eliminated on consolidation.
- h) As at March 31, 2019, GameCo had an aggregate 83,334,000 subscriptions receipts outstanding convertible into common shares on a one-for-one basis upon completion of the Transaction. The restricted cash related to the subscription receipts is held by a subscription receipt agent and is releasable upon completion of the Transaction.
- i) GameCo issued \$10,000,000 unsecured convertible debentures which converted into common shares of GameCo at a conversion price of \$0.45 upon the completion of the Arrangement. The net proceeds of the issuance were \$9,638,114. The net proceeds of the issuance were used by GameCo to extend a \$10,000,000 bridge loan to Enthusiast. Enthusiast incurred \$300,000 in costs in relation to the issuance. The bridge loan is eliminated upon consolidation.
- j) Upon completion of the Transaction and the Arrangement, J55 will change its name to Enthusiast Gaming Holdings Inc.
- k) GameCo provided \$125,000 in milestone bonuses to certain officers upon the completion of the Transaction.
- l) GameCo provided \$250,000 in milestone bonuses to certain officers upon the completion of the Arrangement.

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. SHARE CAPITAL

Pro forma share capital as at March 31, 2019, in the unaudited pro forma consolidated statement of financial position is comprised of the following:

	Number of Common Shares	Stated Capital (\$)
Common shares issued to Enthusiast shareholders	193,042,591	86,869,166
Common shares issued to Luminosity shareholder	60,000,000	27,000,000
Adjustment to common shares issued to Luminosity pursuant to working capital requirements	(1,305,417)	(587,438)
Common shares held by J55 shareholders	15,200,000	6,840,000
Common shares issued to existing GameCo shareholders	159,199,933	5,768,333
Common shares issued to GameCo subscription receipt holders	83,334,000	23,204,178
Common shares issued to GameCo convertible debenture holders	22,222,222	9,638,114
	<u>531,693,330</u>	<u>\$158,732,353</u>

4. OUTSTANDING STOCK OPTIONS

After considering the consolidation of the J55 shares (see note 2(b)), as at March 31, 2019, J55 had 1,520,000 stock options outstanding which expire on December 12, 2028, and are exercisable into common shares on a one-for-one basis at a price of \$0.125 per share.

GameCo had no options outstanding at March 31, 2019.

Luminosity had no options outstanding at March 31, 2019.

After considering the exchange ratio in accordance with the Arrangement (see note 2(c)), Enthusiast had the following options outstanding at March 31, 2019:

Number of Options	Exercise Price (\$)	Weighted average remaining contractual life (Years)
5,599,615	0.031	1.66
8,823,091	0.047	3.63
517,250	0.100	3.55
211,000	0.30	4.62
15,150,955	0.05	2.87

Enthusiast Gaming Holdings Inc.

Notes to the Pro Forma Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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5. OUTSTANDING WARRANTS

After considering the consolidation of the J55 shares (see note 2(b)), as at March 31, 2019, J55 had 320,000 warrants outstanding which expire on December 14, 2020, and are exercisable into common shares on a one-for-one basis at a price of \$0.125 per share.

As at March 31, 2019, GameCo had 2,181,690 warrants outstanding which expire on October 10, 2020, and are exercisable into common shares on a one-for-one basis at a price of \$0.10 per share.

Luminosity had no warrants outstanding at March 31, 2019.

After considering the exchange ratio in accordance with the Arrangement (see note 2(c)), Enthusiast had the following warrants outstanding at March 31, 2019:

Number of Warrants	Exercise Price (\$)	Expiry Date
283,170	0.047	10-Apr-19
427,435	0.047	13-Jun-19
149,595	0.047	30-Jun-19
41,025,726	0.14	4-Apr-20
14,346,523	0.38	4-Oct-20
1,432,542	0.30	4-Oct-20
11,963,700	0.47	8-Nov-20
2,279	236.97	8-Nov-20
6,667,630	0.047	31-Dec-20
76,298,600	0.24	

6. INCOME TAX

The pro forma effective income tax rate applicable to the consolidated operations will be 26.5%.

APPENDIX 16
AMALGAMATION AGREEMENT

Amalgamation Agreement Dated May 30, 2019

and

Amendment To Amalgamation Agreement Dated June 19, 2019

AMALGAMATION AGREEMENT

among

AQUILINI GAMECO INC.

and

J55 CAPITAL CORP.

and

11305751 CANADA INC.

Dated as of May 30, 2019

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT (this “**Agreement**”) is made effective as of the 22nd day of May, 2019.

AMONG:

AQUILINI GAMECO INC., a company incorporated under the federal laws of Canada and having an office at Suite 3800 – 200 Bay Street, Toronto, ON M5J 2Z4

(“**GameCo**”)

AND:

J55 CAPITAL CORP., a company incorporated under the laws of the Province of British Columbia and having an office at Suite 830 – 1100 Melville Street, Vancouver, BC V6E 4A6

(“**J55**”)

AND:

11305751 CANADA INC., a company incorporated under the federal laws of Canada and having an office at 900 - 885 West Georgia Street, Vancouver, BC V6C 3H1

(“**Newco**”)

WHEREAS:

- A. J55 is a capital pool company, and the J55 Shares are listed for trading on the TSXV under the symbol “FIVE”;
- B. GameCo is a privately held company that operates an esports business which, upon completion of the Luminosity Acquisition, will include the business of Luminosity;
- C. Luminosity is a globally recognized esports organization operating in North America and based in Toronto, Canada, and its business includes providing management and support services to players involved in professional gaming, and managing and providing support services to the Vancouver Titans, which recently commenced its first season of competition in the Overwatch League;
- C. Newco is a wholly-owned subsidiary of J55, created solely for the purpose of effecting the Amalgamation;

D. J55, GameCo and Newco propose a business combination whereby GameCo and Newco will amalgamate under Section 181 of the CBCA on the terms described in this Agreement, and will continue as Amalco, a wholly-owned subsidiary of J55 and in connection therewith, J55 proposes to issue J55 Shares to the GameCo Shareholders as hereinafter provided which transaction will constitute the Qualifying Transaction (as defined in TSXV Policy 2.4) of J55;

E. Following completion of the Amalgamation, J55 will carry on, through Amalco, the business carried on by GameCo, which at the Effective Time will include the business of Luminosity;

G. GameCo and Newco will each require the approval of their respective shareholders for the Amalgamation and this Agreement pursuant to the requirements of the CBCA;

H. J55 will require the approval of the majority of disinterested J55 Shareholders pursuant to the policies of the TSXV and MI 61-101 since the Qualifying Transaction is a Related Party Transaction;

I. As part of the Qualifying Transaction, J55 will complete the J55 Change of Name and the J55 Consolidation, both of which will require the approval of the J55 Board pursuant to the Articles of J55; and

K. Concurrently with the execution and delivery of this Agreement, J55 has entered into the J55 Support Agreements.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 Definitions

In this Agreement including the preamble hereto, unless the context otherwise requires, the following words shall have the following meanings:

"1933 Act" means the United States *Securities Act of 1933, as amended*;

"affiliate" has the meaning ascribed to it under the CBCA;

"Agreement" means this amalgamation agreement, together with the schedules attached hereto, as amended, restated or supplemented from time to time;

"Amalco" means the corporation resulting from the Amalgamation;

"Amalco Shares" means the common shares in the capital of Amalco;

“Amalgamation” means the amalgamation of GameCo and Newco pursuant to Section 181 of the CBCA on the terms and conditions set forth in this Agreement, subject to any amendment thereto in accordance herewith;

“Amalgamation Application” means the Form 9 Articles of Amalgamation prescribed by the CBCA effecting the Amalgamation substantially in the form appended hereto as Schedule B;

“Amalgamation Declarations” means the statutory declarations of a director or officer of each of GameCo and Newco required under the provisions of Subsection 185(2) of the CBCA;

“Applicable Securities Laws” means the securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time in the Provinces of Ontario, Alberta and British Columbia;

“BCBCA” means the *Business Corporations Act* (British Columbia), and the regulations promulgated thereunder, as amended from time to time;

“Business Day” means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Vancouver, British Columbia and Toronto, Ontario are open for business;

“By-laws of Amalco” means the by-laws of Amalco, which shall be the by-laws of GameCo as set out in the form appended hereto as Schedule A;

“CBCA” means the *Canada Business Corporations Act* (Canada), and the regulations promulgated thereunder, as amended from time to time;

“CBCA Director” means the Director appointed under section 260 of the CBCA;

“Certificate of Amalgamation” means the certificate of amalgamation to be issued by the CBCA Director in respect of the Amalgamation in accordance with Subsection 185(4) of the CBCA;

“Claim” means any claim, demand, complaint, action, proceeding, investigation, suit, cause of action, assessment or reassessment, charge, judgment, order, writ, injunction, decree, debt, liability, expense, cost, damage or loss, contingent or otherwise, judicial, administrative or otherwise (including legal fees on a solicitor and his or her own client basis and other professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding);

“Closing” means the completion of the Amalgamation set forth herein, including the issuance of securities of J55 to GameCo securityholders, which shall take place on the Closing Date;

“Closing Date” means July 31, 2019, or such other date, as the parties may agree;

“Completion Deadline” means the latest date by which the Qualifying Transaction is to be completed, which date shall be July 31, 2019 or such other date as the Parties may mutually agree;

“Contract” means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon J55 or GameCo, as the case may be;

“Directed Selling Efforts” has the meaning ascribed thereto in Regulation S;

“Effective Date” means the date shown on the Certificate of Amalgamation;

“Effective Time” means the earliest moment in time (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

“Encumbrance” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, Contract or otherwise) capable of becoming any of the foregoing;

“Exchange Ratio” means 1.0 J55 Shares (on a post-J55 Consolidation basis) for each 1.0 GameCo Share;

“GameCo” has the meaning ascribed thereto on the first page of this Agreement;

“GameCo Board” means the board of directors of GameCo, as constituted from time to time;

“GameCo Financial Statements” means the annual financial statement for the year ended 2018;

“GameCo Financing” means the private placement of 83,334,000 GameCo Subscription Receipts at a price of \$0.30 per GameCo Subscription Receipt which was completed on March 20, 2019 and raised gross proceeds of \$25,000,200;

“GameCo Options” means the options to purchase GameCo Shares issued by GameCo and outstanding on the Effective Date, each GameCo Option being exercisable for one GameCo Share;

“GameCo Resolution” means the special resolution of the GameCo Shareholders approving the Amalgamation and this Agreement, substantially in the form attached hereto as Schedule D;

“GameCo Shareholder Approval” means approval of GameCo Shareholders holding not less than 66 2/3% of the issued and outstanding GameCo Shares entitled to vote with respect to the GameCo Resolution;

“GameCo Shareholders” means, at any time, the holders of GameCo Shares;

“GameCo Shares” means the authorized common shares in the capital of GameCo;

“GameCo Subscription Receipts” means subscription receipts of GameCo issued in connection with the GameCo Financing, each of which will, prior to the Effective Time, be automatically converted into GameCo Shares, in accordance with the terms thereof, and in accordance with the GameCo Subscription Receipt Agreement;

“GameCo Subscription Receipt Agreement” means the subscription receipt agreement dated March 20, 2019 between GameCo, Canaccord Genuity Corp. and Computershare Trust Company of Canada, as subscription receipt agent, which agreement governs the GameCo Subscription Receipts;

“GameCo Warrants” means the warrants issued by GameCo and outstanding on the Effective Date, each GameCo Warrant being exercisable for one GameCo Share;

“Governmental Entity” means any applicable (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange, including the TSXV;

“Information Circular” means the information circular, and any amendments thereto, to be provided to the J55 Shareholders in respect of the J55 QT Resolution, and such other matters to be considered at the J55 Meeting, prepared in accordance with Form 3B1 “Information Required in an Information Circular for a Qualifying Transaction” and Form 51-102F5 *Information Circular* and MI 61-101;

“IFRS” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;

“J55” has the meaning ascribed thereto on the first page of this Agreement;

“J55 Board” means the board of directors of J55, as constituted from time to time;

“J55 Change of Name” means the change of name of J55 to “Luminosity Gaming Inc.” or such other name as GameCo may determine in its sole discretion;

“J55 Change of Name Resolution” means the consent resolution of the J55 Board authorizing the J55 Change of Name;

“J55 Consolidation” means the consolidation of the J55 Shares on the basis of one post-Consolidation J55 Share for each 1.25 issued and outstanding pre-Consolidation J55 Shares pursuant to which no fractional shares will be issued. If the J55 Consolidation would result in the issuance of a fractional J55 Share, such fraction will be rounded down to the next whole number, without any compensation therefor;

“J55 Consolidation Resolution” means the consent resolution of the J55 Board authorizing the J55 Consolidation;

“J55 Financial Statements” has the meaning ascribed to it in Section 3.1(o);

“J55 Meeting” means the annual general and special meeting of the J55 Shareholders, including any adjournment(s) or postponement(s) thereof, to be held to approve, among other things, the J55 QT Resolution;

“J55 Options” means the outstanding stock options and charitable options under J55’s stock option plan, each J55 Option being exercisable for one J55 Share, the details of which are set out in Schedule E;

“J55 Parties” means, collectively, J55 and Newco.

“J55 Public Documents” means the public documents filed by J55 on SEDAR under J55’s SEDAR profile;

“J55 Resolutions” means, collectively, the J55 Consolidation Resolution, the J55 Change of Name Resolution and the J55 QT Resolution;

“J55 QT Resolution” means the ordinary resolution of the disinterested J55 Shareholders approving the Amalgamation and this Agreement, substantially in the form set forth in Schedule C;

“J55 Shareholder Approval” means the approval of the J55 Shareholders in respect of the J55 QT Resolution;

“J55 Shareholders” means, at any time, the holders of outstanding J55 Shares;

“J55 Shares” means the authorized common shares in the capital of J55;

“J55 Support Agreements” means the agreements between J55, GameCo and each of Francesco Aquilini, Adrian Montgomery, John Veltheer, Alexander Helmelt pursuant to which each of them has agreed, *inter alia*, in their capacity as a J55 Shareholder:

- (a) to irrevocably support the Amalgamation, this Agreement and the Qualifying Transaction and to vote all of their J55 Shares in favour of the J55 QT Resolution and against any resolution submitted by any J55 Shareholder that is inconsistent therewith;
- (b) during the period commencing on the date of this Agreement and ending on the Effective Date, to not, directly or indirectly, offer, sell, agree to offer or sell, enter into an arrangement to offer or sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of any securities of J55 without the prior written consent of J55 and GameCo;

except that Francesco Aquilini and Adrian Montgomery shall be excluded from voting on the J55 QT Resolution in accordance with MI 61-101;

“J55 Warrants” means the outstanding warrants entitling the holders thereof to acquire, upon payment of additional cash consideration, J55 Shares, the details of which are set out in Schedule E;

“Laws” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

“LOI” means the non-binding letter of intent dated February 22, 2019 between J55 and GameCo, as amended from time to time;

“Luminosity” means, collectively, Luminosity Canada and Luminosity USA:

“Luminosity Acquisition” means the acquisition of all of the issued and outstanding Class A common shares of Luminosity Canada and the membership interests in Luminosity USA by GameCo from Stephen Maida on the terms and conditions of the Luminosity SPA for consideration consisting of: (i) \$1,500,000 cash, (ii) 60,000,000 GameCo Shares, subject to a downward adjustment as provided therein and (iii) an unsecured promissory note with a principal value of \$2,000,000, subject to adjustments.

“Luminosity Canada” means Luminosity Gaming Inc., a private Ontario corporation;

“Luminosity SPA” means the share purchase agreement dated February 14, 2019 between Luminosity USA, Luminosity Canada, Stephen Maida and GameCo pursuant to which GameCo has agreed to complete the Luminosity Acquisition;

“Luminosity USA” means Luminosity Gaming (USA), LLC, a California limited liability company;

“Material Adverse Change” means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on J55 or GameCo, as applicable, on a consolidated basis;

“Material Adverse Effect” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations, results of operations or financial condition of J55 or GameCo on a consolidated basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:

- (a) the announcement of the execution of this Agreement or any transactions contemplated herein, or communication by the applicable Party of its plans or intentions with respect to the other Party and/or any of its subsidiaries;
- (b) changes in the United States and Canadian economies in general or the United States and Canadian capital or currency markets in general;
- (c) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
- (d) any change in applicable Laws or in the interpretation thereof by any Governmental Entity;
- (e) any change in IFRS;
- (f) any natural disaster;
- (g) any change relating to foreign currency exchange rates; or
- (h) changes affecting the Party's industry generally,

provided that, in the case of any changes referred to in clauses (b) to (h) above, such changes do not have a materially disproportionate effect on the applicable Party relative to comparable companies;

"Material Contracts" means all material Contracts of J55 or GameCo, as applicable.

"MI 61-101" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators, as amended from time to time;

"Newco" has the meaning ascribed thereto on the first page of this Agreement;

"Newco Shares" means common shares in the capital of Newco;

"Notice of Alteration" means the notice of alteration on Form 11 prescribed by the BCBCA to effect the J55 Change of Name;

"Overwatch League" means the Overwatch league established by Overwatch League, LLC and Overwatch League B.V.

"Party" means, as the context requires, either GameCo, J55 or Newco, and **"Parties"** means two or more of them, as applicable;

"Person" means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

“Qualifying Transaction” means a transaction where a capital pool company acquires Significant Assets (as defined in TSXV Policy 2.4) other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means and, where appropriate, means the Amalgamation which constitutes J55’s Qualifying Transaction.

“Regulation D” means Regulation D adopted by the SEC under the 1933 Act;

“Regulation S” means Regulation S adopted by the SEC under the 1933 Act;

“Related Party Transaction” has the meaning ascribed to that term in TSXV Policy 5.9 and MI 61-101, and includes a related party transaction that is determined by the TSXV, to be a Related Party Transaction;

“SEC” means the United States Securities and Exchange Commission;

“Securities Authorities” means the federal, state and provincial securities commissions and/or other securities regulatory authorities in Canada and the United States, including the SEC, and any stock exchanges or other self-regulatory agencies having authority over J55 or GameCo (as applicable), including the TSXV;

“SEDAR” means the Canadian System for Electronic Document Analysis and Retrieval;

“Substantial U.S. Market Interest” means substantial U.S. market interest as that term is defined in Regulation S;

“Tax” and **“Taxes”** means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan contributions, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

“Tax Act” means the *Income Tax Act* (Canada);

“Tax Returns” means all returns, reports, declarations, claims for refunds, elections, notices, filings, forms, statements and other documents (whether in written, electronic or other form) and any amendments, schedules, attachments, supplements, appendices and exhibits thereto, which have been prepared or filed or are required to be prepared or filed in respect of Taxes;

“TSXV” means the TSX Venture Exchange;

“TSXV Conditional Approval” has the meaning ascribed thereto in Section 5.1(d); and

“United States” or “U.S.” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

In addition, words and phrases used herein and defined in the CBCA shall have the same meaning herein as in the CBCA unless the context otherwise requires.

1.2 Headings, etc.

- (a) The preamble forms an integral part hereof and is not mere recitals.
- (b) The division of this Agreement into articles, sections and subsections and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.3 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action required to be taken hereunder by any Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references in this Agreement to dollar amounts are expressed in Canadian currency.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the

extent permitted by applicable Laws, the Parties waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with, IFRS.

1.9 Knowledge

Where the phrase “to the knowledge of” is used in respect of any Party, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of management of such Party after appropriate inquiries and investigations.

1.10 Meaning of “Ordinary and Regular Course of Business”

In this Agreement the phrase “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by management of corporations engaged in the businesses of GameCo or J55, as applicable, without any need for the approval of the board of directors thereof.

1.11 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

- Schedule A – By-laws of Amalco
- Schedule B – Amalgamation Application
- Schedule C – Form of J55 QT Resolution
- Schedule D – Form of GameCo Resolution
- Schedule E – J55 Options and Warrants

ARTICLE 2 THE AMALGAMATION

2.1 Terms of Amalgamation

J55, Newco and GameCo hereby covenant and agree to implement the Amalgamation in accordance with the terms and subject to the conditions of this Agreement, as follows:

- (a) as soon as reasonably practicable following the execution and delivery of this Agreement: (i) J55 shall call and hold the J55 Meeting for the purpose of approving the J55 QT Resolution; (ii) GameCo shall obtain the GameCo Shareholder Approval for the

GameCo Resolution; and (iii) J55 shall prepare and mail the Information Circular to the J55 Shareholders;

- (b) following approval of the GameCo Resolution by the GameCo Shareholders and the J55 QT Resolution by the disinterested J55 Shareholders, and prior to the filing of the Amalgamation Application in accordance with Section 2.1(c), J55 shall complete and give effect to the J55 Consolidation and file the Notice of Alteration to effect the J55 Change of Name upon and subject to the terms of this Agreement;
- (c) in accordance with the requirements of the CBCA and BCBCA, as applicable, the Amalgamation Declarations shall be deposited at the records office of GameCo and Newco, respectively, and GameCo and Newco shall jointly complete and file the Amalgamation Application with the CBCA Director to give effect to the Amalgamation;
- (d) at the Effective Time, Newco and GameCo shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 181 of the CBCA;
- (e) at the Effective Time:
 - (i) all of the holders of GameCo Shares outstanding immediately prior to the Effective Time, shall receive, in exchange for their GameCo Shares, that number of J55 Shares equal to the product of:
 - (A) the number of the GameCo Shares held by such holders; and
 - (B) the Exchange Ratio,
 and the GameCo Shares outstanding immediately prior to the Effective Time shall be cancelled.
 - (ii) subject to receipt of all required regulatory approvals, each GameCo Warrant outstanding immediately prior to the Effective Time, shall be exchanged for one purchase warrant to be issued by J55 to purchase the corresponding number of J55 Shares (on a post-J55 Consolidation basis) on the same terms as those contained in the GameCo Warrant immediately prior to the Amalgamation and each such GameCo Warrant shall be cancelled. The exercise price for each J55 Share underlying the J55 Share purchase warrant to be issued by J55 will be equal to the exercise price per GameCo Share under the GameCo Warrant in effect immediately prior to the Amalgamation;
 - (iii) subject to receipt of all required regulatory approvals, each GameCo Option outstanding immediately prior to the Effective Time shall be exchanged for one option to be issued by J55 to purchase the corresponding number of J55 Shares (on a post-J55 Consolidation basis) on the same terms as those contained in the GameCo Option immediately prior to the Amalgamation and each such GameCo Option shall be cancelled. The exercise price for each J55 Share underlying the option to be issued by J55 will be equal to the exercise price per GameCo Share under the GameCo Option in effect immediately prior to the Amalgamation;

- (iv) all of the Newco Shares outstanding immediately prior to the Effective Time shall be exchanged for an equal number of Amalco Shares;
 - (v) J55 shall add to the stated capital account maintained in respect of the J55 Shares an amount equal to the paid-up capital for purposes of the Tax Act of the GameCo Shares immediately before the Effective Time;
 - (vi) the aggregate stated capital maintained in respect of the Amalco Shares issued pursuant to the Amalgamation shall be the aggregate of the paid-up capital for the purposes of the Tax Act of the Newco Shares and the GameCo Shares immediately before the Effective Time; and
 - (vii) as consideration for the issuance of J55 Shares pursuant to the Amalgamation, Amalco shall issue to J55 one Amalco Share for each J55 Share issued; and
- (f) the By-laws of Amalco, which shall be the by-laws of GameCo, shall be in the form appended hereto as Schedule A.

2.2 Effective Date

The Amalgamation shall be completed on the Effective Date and shall be effective at the Effective Time.

2.3 Effecting the Amalgamation

Subject to the rights of termination contained in Article 6, upon both the J55 Shareholder Approval and the GameCo Shareholder Approval being obtained, and the other conditions contained in Article 5 being complied with or waived, GameCo and Newco shall file with the CBCA Director the Amalgamation Application, deposit the Amalgamation Declarations and deliver such other documents as may be required in order to effect the Amalgamation, within two Business Days, or such other date as the Parties may agree, of the later of: (i) the J55 Shareholder Approval, (ii) the GameCo Shareholder Approval, and (iii) TSXV Conditional Approval, as applicable, being obtained.

2.4 Name of Amalco

The Parties agree that the name of Amalco shall be "Aquilini GameCo Inc."

2.5 Registered Office of Amalco

The Parties agree that the address of the registered and records office of Amalco shall be Suite 3800, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4.

2.6 Authorized Capital of Amalco

The Parties agree that Amalco shall be authorized to issue an unlimited number of common shares (being the Amalco Shares).

2.7 Initial Directors of Amalco

The Parties agree that the first directors of Amalco shall be the following individuals:

Adrian Montgomery	Suite 3800, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4

Alex Macdonald	Suite 3800, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4

2.8 Treatment of Restricted Securities under the U.S. Securities Act

The Parties agree that the J55 Shares issued in connection with the Qualifying Transaction to or for the account or benefit of any former GameCo Shareholders who is a U.S. Person (as defined in Regulation S) or person in the United States will be “restricted securities” within the meaning of Rule 144 under the 1933 Act and each certificate representing such J55 Shares will bear a legend in substantially the form that follows:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”) OR UNDER ANY STATE SECURITIES LAWS AND ARE “RESTRICTED SECURITIES” AS THAT TERM IS DEFINED IN RULE 144 UNDER THE 1933 ACT. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF AQUILINI GAMECO INC. (THE “ISSUER”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE UNITED STATES STATE LAWS AND REGULATIONS AND APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT.”

2.9 Consultation

GameCo and J55 will consult with each other in issuing any press release or otherwise making any public statement with respect to this Agreement or the Qualifying Transaction and in making any filing with any Governmental Entity or Securities Authority with respect thereto. Each of GameCo and J55 shall use its commercially reasonable efforts to enable the other of them to review and comment on all such press releases and filings prior to the release or filing,

respectively, thereof, provided, however, that the obligations herein will not prevent a Party from making, after consultation with the other Party, such disclosure as is required by applicable Laws or the rules and policies of any applicable stock exchange.

2.10 Withholding Taxes

J55 and Newco will be entitled to deduct and withhold from the J55 Shares deliverable to any former GameCo Shareholder such amounts as J55 or Newco may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that any amounts are so deducted and withheld, such amounts will be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. J55 or Newco may sell or otherwise dispose of any portion of the J55 Shares issuable to a former GameCo Shareholder as is necessary to provide sufficient funds to enable J55 or Newco to comply with such deduction and/or withholding requirements.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of J55

J55 hereby represents and warrants to GameCo and hereby acknowledges that GameCo is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Amalgamation, that:

- (a) Organization. Each of J55 and Newco has been incorporated and validly exists under the laws of the jurisdiction of its incorporation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted.
- (b) Capitalization. J55 is authorized to issue an unlimited number of J55 Shares and an unlimited number of preferred shares of which 19,000,000 J55 Shares and nil preferred shares are issued and outstanding, prior to giving effect to the Amalgamation and the J55 Consolidation. Newco is authorized to issue an unlimited number of Newco Shares of which one Newco Share is issued and outstanding. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating J55 or Newco to issue or sell any J55 Shares or Newco Shares or any securities or obligations of any kind convertible into, or exercisable or exchangeable for, any J55 Shares or Newco Shares other than the J55 Options and J55 Warrants, the details of which are set forth in Schedule E. All outstanding J55 Shares and Newco Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of J55 or Newco. There are no outstanding contractual obligations of J55 or Newco to repurchase, redeem or otherwise acquire any outstanding J55 Shares or Newco Shares or with respect to the voting or disposition of any outstanding J55 Shares or Newco Shares, other than the J55 Support Agreements.

- (c) Subsidiaries. J55 is the registered and beneficial owner of all of the issued and outstanding shares of Newco. Neither J55 nor Newco has any other subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate. Newco was formed solely for the purposes of effecting the Amalgamation, has nominal assets and no liabilities and has never conducted any business activities.
- (d) Authority and Conflict. Each of J55 and Newco has all necessary corporate power, authority and capacity to enter into this Agreement and all other Contracts to be executed by J55 and Newco as contemplated by this Agreement, and to perform its obligations hereunder and under such other Contracts. The execution and delivery of this Agreement by J55 and Newco and the completion by J55 and Newco of the transactions contemplated hereby have been authorized by the J55 Board and the sole director of Newco, subject to obtaining the J55 Shareholder Approval in the manner contemplated herein, and to obtaining approval of the TSXV, no other corporate proceedings on the part of J55 or Newco are necessary to authorize this Agreement or the completion by J55 and Newco of the transactions contemplated hereby other than the filing of the Notice of Alteration and the Amalgamation Application with the CBCA Director. This Agreement has been executed and delivered by each J55 and Newco and constitutes a legal, valid and binding obligation of each J55 and Newco, enforceable against each J55 and Newco in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by J55 and Newco of this Agreement and the performance by each J55 and Newco of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the notice of articles and articles of J55 or the constating documents of Newco;
 - (B) any applicable Law or rule or policy of the TSXV (except that the approval of the TSXV, which is required for the completion by J55 of the transactions contemplated hereby, will be applied for by J55 but has not been obtained as of the date hereof); or
 - (C) any Contract to which J55 or Newco is bound or is subject to or of which J55 and Newco is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on J55.
- (e) Consents and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be

obtained by J55 or Newco in connection with the execution and delivery of this Agreement or the consummation by J55 and Newco of the transactions contemplated hereby other than:

- (i) the J55 Shareholder Approval;
 - (ii) filings required under the CBCA and BCBCA, as applicable;
 - (iii) the approval of the TSXV;
 - (iv) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and
 - (v) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on J55.
- (f) Directors' Approvals. The J55 Board, with all interested directors disclosing their interests and abstaining from voting on approval of the Qualifying Transaction and the Amalgamation, has:
- (i) determined that the Qualifying Transaction and the Amalgamation are each in the best interests of J55;
 - (ii) determined to recommend that the J55 Shareholders vote in favour of the J55 QT Resolution; and
 - (iii) authorized the entering into of this Agreement, and the performance of J55's obligations hereunder.
- (g) Material Contracts. Each of the Material Contracts to which J55 and Newco is a party constitutes a valid and legally binding obligation of J55 or Newco, as applicable, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).
- (h) Waivers and Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of each of J55 and Newco.
- (i) No Defaults. Neither J55 nor Newco is in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by J55 or Newco under, any Contract or other instrument that is material to the conduct of the business of J55 or Newco to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on J55 and Newco, respectively. No party to any Contract of J55 or Newco has given

written notice to J55 or Newco of, or made a Claim against J55 or Newco with respect to, any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on J55.

- (j) Absence of Changes. Except as disclosed in the J55 Public Documents, since December 31, 2018:
- (i) Each of J55 and Newco has conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) Neither J55 nor Newco has incurred or suffered a Material Adverse Change;
 - (iii) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by J55 or Newco of any debt for borrowed money, any creation or assumption by J55 or Newco of any Encumbrance, any making by J55 or Newco of any loan, advance or capital contribution to, or investment in, any other Person, or any entering into, amendment of, relinquishment, termination or non-renewal by J55 or Newco of any Contract or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on J55 or Newco;
 - (iv) J55 has not declared or paid any dividends or made any other distribution in respect of any of the J55 Shares;
 - (v) other than the proposed J55 Consolidation, J55 has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding J55 Shares;
 - (vi) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by J55 to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay, or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants;
 - (vii) J55 has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the J55 Financial Statements; and
- (k) Voting Agreements. J55 is not party to any agreement, nor, to the knowledge of J55, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of J55.
- (l) Pre-emptive Rights. No holder of outstanding shares in the capital of J55 is entitled to any preemptive or any similar rights to subscribe for any J55 Shares or other securities of J55 and there are no rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of J55 or Newco.

- (m) Employment Agreements. J55:
- (i) J55 has no, and since incorporation has not had any, employees; and
 - (ii) is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with, any director or officer of J55 that would be triggered by J55's entering into this Agreement or the completion of the Qualifying Transaction;
- (n) Professional Service Fees. There is no agreement, plan or practice of J55 relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business or in respect of professional service fees.
- (o) Financial Matters. The audited annual financial statements of J55 for the year ended December 31, 2018, and the notes thereto (the "**J55 Financial Statements**") were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the financial condition of J55 at the respective dates indicated and the results of operations of J55 for the periods covered. Except as disclosed in the J55 Financial Statements, as of the date hereof, J55 does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or production program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the J55 Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business since December 31, 2018, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on J55.
- (p) Auditors. J55's auditors are independent public accountants.
- (q) Books and Records. The corporate records and minute books of J55 have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on J55. Financial books and records and accounts of J55 in all material respects:
- (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
 - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of J55; and
 - (iii) accurately and fairly reflect the basis for the J55 Financial Statements.
- (r) Litigation. There is no Claim pending or in progress or, to the knowledge of J55, threatened against or relating to J55 or Newco, or affecting any of their respective properties or assets, before any Governmental Entity which, individually or in the

aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect on J55 or Newco (as applicable), and J55 is not aware of any existing ground on which any such Claim might be commenced with any reasonable likelihood of success. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of J55, threatened against or relating to J55 or Newco before any Governmental Entity. Neither J55 nor Newco nor any of their respective assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of J55 to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not, individually or in the aggregate, have a Material Adverse Effect on J55.

- (s) Tax Matters. J55 and Newco are each taxable Canadian corporations for purposes of the Tax Act and all Taxes due and payable or required to be collected or withheld and remitted by each of J55 and Newco have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all Tax Returns, declarations, remittances and filings required to be filed by each of J55 and Newco have been filed with all appropriate Governmental Entity within the prescribed periods and all such Tax Returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. There are no proceedings, investigations or audits pending or, to the Knowledge of J55, threatened against or affecting J55 or Newco in respect of any Taxes and no event has occurred or circumstance exists which could reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding, investigation or audit. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to J55 or Newco.
- (t) Reporting Status. J55 is a reporting issuer in good standing in the provinces of British Columbia, Alberta and Ontario. The J55 Shares are listed on the TSXV and J55 is in material compliance with the rules and regulations of the TSXV.
- (u) Reports.
 - (i) To the knowledge of J55, J55 has filed with the Securities Authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including the J55 Public Documents.
 - (ii) J55 has not filed any confidential material change or other report or other document with any Securities Authorities which at the date hereof remains confidential.
 - (iii) Each of the J55 Public Documents, at the time filed or, if amended, as of the date of such amendment:

- (A) did not contain any misrepresentation (as defined in the *Securities Act* (British Columbia)) and did not contain any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
 - (B) complied in all material respects with the requirements of Applicable Securities Laws and the rules, policies and instruments of all Securities Authorities, except where such non-compliance has not had, or would not reasonably be expected to have, a Material Adverse Effect on J55.
- (v) No Cease Trade. Other than the trading halt imposed on the J55 Shares in connection with the execution of this Agreement as required under TSXV Policy 5.2, J55 is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of J55, no investigation or other proceedings involving J55 that may operate to prevent or restrict trading of any securities of J55 are currently in progress or pending before any applicable Securities Authority.
- (w) Compliance with Laws. J55 has complied with and is not in violation of any applicable Laws, other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on J55.
- (x) No Broker's Commission. J55 has not entered into any Contract that would entitle any Person to any valid claim against it for a broker's commission, finder's fee or any like payment in respect of the Qualifying Transaction or any other matter contemplated by this Agreement.
- (y) Vote Required. The only votes of the holders of any class or series of securities of J55 necessary to approve this Agreement, the Qualifying Transaction, the Amalgamation and the transactions contemplated hereby is the J55 Shareholder Approval.
- (z) U.S. Securities Law Matters.
 - (i) J55 is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in any securities in the same class of securities as the J55 Shares.
 - (ii) None of J55, its affiliates nor any Person acting on any of their behalf has made or will make (A) any Directed Selling Efforts in the United States with respect to the J55 Shares, or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising in connection with the offer or exchange of the J55 Shares to or for the account or benefit of any U.S. Person (as defined in Regulation S) or person in the United States or (B) any sale, offer for sale or solicitation of any offer to buy or exchange any J55 Shares that would cause the

exemptions from registration under (i) Section 4(a)(2) of or (ii) Rule 903 of Regulation S under the 1933 Act, or exemptions under applicable state laws, to become unavailable with respect to the offer or exchange of the J55 Shares in connection with the Qualifying Transaction.

- (iii) J55 has provided each former GameCo Shareholder who is a U.S. Person (as defined in Regulation S) or person in the United States that will receive J55 Shares in connection with the Qualifying Transaction access to such financial and other information concerning J55 and the J55 Shares as such former GameCo Shareholder deems necessary in connection with its vote with respect to the approval of the Amalgamation and this Agreement.
- (aa) No Shareholdings in GameCo. Neither J55 nor NewCo owns, legally or beneficially, directly or indirectly, any securities of GameCo and does not have any right, agreement or obligation to purchase any securities of GameCo or any securities or obligations of any kind convertible into or exchangeable for any securities of GameCo.
- (bb) Solvency of J55. Except as indicated in the going concern note of the independent auditors as set out in the J55 Financial Statements, there are reasonable grounds for believing that J55 is able to pay its liabilities as they become due and, at the Effective Time, will be able to pay its liabilities as they become due. As at
- (cc) Right to Use Personal Information. All personal information in the possession of J55 has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which J55 conducts, or J55 is deemed by operation of law in those jurisdictions to conduct, its business. J55 has disclosed to GameCo all Contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other Contracts or facts which, on completion of the Qualifying Transaction, would restrict or interfere with the use of any personal information by GameCo in the operation of its business as conducted by J55 before the Effective Time. There are no Claims pending or, to the knowledge of J55, threatened, with respect to J55's collection, use or disclosure of personal information.
- (dd) As at March 31, 2019, J55 had aggregate liabilities not exceeding C\$78,003.
- (ee) As at March 31, 2019, J55 had approximately C\$1,160,582 of net working capital after deducting current liabilities; and has no loans or similar debt obligations.
- (ff) As at March 31, 2019, J55 had a cash balance of approximately C\$1,227,926, and covenants that it will use such funds only for general and administrative expenses incurred in the ordinary course, for settlement of outstanding liabilities, and for expenses with respect to completing the Qualifying Transaction.

3.2 Representations and Warranties of GameCo

GameCo hereby represents and warrants to J55, and hereby acknowledges that J55 and Newco are relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Qualifying Transaction, as follows:

- (a) Organization. GameCo has been duly incorporated and is validly existing and in good standing under the laws of Canada and has all requisite corporate power to conduct its business as currently conducted and is duly qualified to transact business and is in good standing in each jurisdiction in which the material conduct of its business or its ownership or leasing of material property requires such qualification.
- (b) Capitalization. The authorized capital of GameCo consists of an unlimited number of GameCo Shares of which, as of the close of business on May 22, 2019, 163,563,474 GameCo Shares were outstanding as fully paid and non-assessable shares in the capital of GameCo. In addition, GameCo Shares are reserved for issuance or proposed to be reserved for issuance as follows:
- (i) 83,334,000 GameCo Shares for issuance upon conversion of the GameCo Subscription Receipts;
 - (ii) 2,460,020 GameCo Shares for issuance pursuant to the agent's fee in connection with the GameCo Financing;
 - (iii) 1,666,667 GameCo Shares for issuance pursuant to the advisor's fees in connection with the Qualifying Transaction;
 - (iv) 2,181,690 GameCo shares for issuance on exercise of the GameCo Warrants;
 - (v) 60,000,000 GameCo Shares for issuance pursuant to the Luminosity Acquisition, including 2,000,000 GameCo shares for issuance on exercise of the GameCo Options;
 - (vi) 13,333,334 GameCo Shares for issuance pursuant to a non-binding term sheet between GameCo and Young Money Entertainment, LLC dated April 1, 2018;
 - (vii) that number of GameCo Shares equal to \$59,063 for issuance pursuant to a media services agreement between Luminosity and Market One Media Group Inc. dated April 8, 2019, at a price per security to be determined in accordance with said agreement; and
 - (viii) 9,900,000 GameCo Shares for issuance pursuant to the option plan of GameCo.
- (c) Subsidiaries. GameCo has no subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate. Notwithstanding the foregoing, upon completion of the Luminosity Acquisition, each of Luminosity Canada and Luminosity USA will be a subsidiary of GameCo.
- (d) Authority and Conflict. GameCo has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by GameCo as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by GameCo and the completion by GameCo of the

transactions contemplated by this Agreement have been authorized by the GameCo Board, and subject to obtaining the GameCo Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of GameCo are necessary to authorize this Agreement or the completion by GameCo of the transactions contemplated hereby, other than approval by Securities Authorities and any approvals required under the Luminosity SPA. This Agreement has been executed and delivered by GameCo and constitutes a legal, valid and binding obligation of GameCo, enforceable against GameCo in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by GameCo of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach, or constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles of incorporation, articles and by-laws of GameCo,
 - (B) any applicable Law; or
 - (C) any Material Contract to which GameCo, or any of its subsidiaries is bound or is subject to or of which GameCo or any of its subsidiaries is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on GameCo.

- (e) Consents and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by GameCo in connection with the execution and delivery of this Agreement or the consummation by GameCo of the transactions contemplated hereby other than:
 - (i) the GameCo Shareholder Approval;
 - (ii) any approvals required under the Luminosity SPA;
 - (iii) filings required under the CBCA and the issuance of the Certificate of Amalgamation; and
 - (iv) the approval of the TSXV;
 - (v) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco;

- (vi) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on GameCo.
- (f) Directors' Approvals. The GameCo Board has unanimously:
 - (i) determined that the Amalgamation is in the best interests of GameCo;
 - (ii) determined to recommend that the GameCo Shareholders vote in favour of the GameCo Resolution; and
 - (iii) authorized the entering into of this Agreement, and the performance of GameCo's obligations hereunder.
- (g) Material Contracts. Each of the Material Contracts to which GameCo is a party constitutes a valid and legally binding obligation of GameCo enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).
- (h) Waivers and Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of GameCo.
- (i) Voting Agreements. GameCo is not party to any agreement, nor, to the knowledge of GameCo, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of GameCo other than as contemplated in the Luminosity SPA.
- (j) Employees. Except for the officers of GameCo, GameCo has no, and since incorporation has not had any, employees.
- (k) No Defaults. GameCo is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by GameCo under any Material Contract which would give rise to a right of termination on the part of any other party to such Material Contract.
- (l) Absence of Changes. Since December 31, 2018:
 - (i) except as disclosed to J55 on May 6, 2019, GameCo has conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) GameCo has not incurred or suffered a Material Adverse Change;
 - (iii) GameCo has not declared or paid any dividends or made any other distribution in respect of any of the GameCo Shares;
 - (iv) GameCo has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding GameCo Shares; and

- (v) GameCo has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the GameCo Financial Statements.
- (m) Financial Matters. The GameCo Financial Statements were prepared in accordance with IFRS; the balance sheets included in such GameCo Financial Statements fairly present the financial condition of GameCo as at the close of business on the respective dates thereof, and the statements of operations and deficit included in the GameCo Financial Statements fairly present the results of operations of GameCo for the respective fiscal periods then ended.
- (n) Books and Records. The corporate records and minute books of GameCo have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on GameCo.
- (o) Litigation. There is no suit, claim, action, proceeding or, to the knowledge of GameCo, investigation pending or threatened against or affecting GameCo, or any of its assets or properties, or any officer or director thereof in his capacity as an officer or director thereof, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.
- (p) Tax Matters. GameCo is a taxable Canadian corporation for purposes of the Tax Act and all Taxes due and payable or required to be collected or withheld and remitted by GameCo have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all Tax Returns, declarations, remittances and filings required to be filed by GameCo have been filed with all appropriate Governmental Entity and all such Tax Returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. There are no proceedings, investigations or audits pending or, to the Knowledge of GameCo, threatened against or affecting GameCo in respect of any Taxes and no event has occurred or circumstance exists which could reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding, investigation or audit. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to GameCo.
- (q) Auditors. GameCo's auditors are independent public accountants.
- (r) Compliance with Laws. GameCo has complied with, and is not in violation of, any applicable Laws other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on GameCo.
- (s) Private Issuer. GameCo is not a reporting issuer in any jurisdiction in Canada and there is no published market in respect of the GameCo Shares.

- (t) No Broker's Commission. Except as otherwise disclosed under Section 3.2(b), there is no Person acting at the request or on behalf of GameCo that is entitled to any brokerage or finder's fee or other compensation in connection with the business combination contemplated by this Agreement.
- (u) U.S. Securities Law Matters. Any GameCo Shareholder that is a U.S. Person (as defined in Regulation S) or a person in the United States is, and will be at the Effective Time, an "accredited investor" as defined in Regulation D.
- (v) No Shareholdings in J55. GameCo does not, legally or beneficially, own, directly or indirectly, any securities of J55 and does not have any right, agreement or obligation to purchase any securities of J55 or any securities or obligations of any kind convertible into or exchangeable for any securities of J55, except as otherwise set out in this Agreement;
- (w) Creditors of GameCo. GameCo has reasonable grounds for believing that no creditor of GameCo will be prejudiced by the Amalgamation.

3.3 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time.

ARTICLE 4 COVENANTS

4.1 Covenants of J55

J55 hereby covenants and agrees with GameCo as follows:

- (a) J55 Meeting. As promptly as practicable after the date hereof, J55 shall, in accordance with the applicable provisions of the Applicable Securities Laws, and its charter documents, duly call, give notice of, convene and hold the J55 Meeting.
- (b) Copy of Documents. J55 shall furnish promptly to GameCo a copy of any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (c) Certain Actions. J55 shall:
 - (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification) inconsistent with the provisions of this Agreement, or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that would reasonably be expected to render, any representation or warranty made by J55 in this Agreement untrue or inaccurate

in any material respect at any time on or before the Effective Date if then made, or that would have a Material Adverse Effect on J55; and

- (ii) promptly notify GameCo of any material information, change or event in the business, operations, financial condition or other affairs of J55 prior to Closing.
- (d) Satisfaction of Conditions. J55 shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) obtain the J55 Shareholder Approval in accordance with the provisions of the TSXV and the BCBCA and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by J55 under any applicable Laws or from any Governmental Entity or Security Authority that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on J55;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the J55 Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, J55 advises GameCo in writing that it has received such advice and provides written details thereof to GameCo;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by J55; and
 - (vi) co-operate with GameCo in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate J55 to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.

- (e) Keep Fully Informed. Subject to applicable Laws, J55 shall use commercially reasonable efforts to conduct itself so as to keep GameCo fully informed as to the material decisions or actions required to be made with respect to the operation of its business.
- (f) Co-operation. J55 shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.
- (g) Representations. J55 shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of J55 contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (h) Closing Documents. J55 shall execute and deliver, or cause to be executed and delivered, at Closing such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by GameCo, all in form satisfactory to GameCo, acting reasonably.
- (i) Newco. In its capacity as the sole shareholder of Newco, J55 shall:
 - (i) take all such action as is necessary or desirable to cause Newco to satisfy its obligations hereunder, including without limitation, passing a resolution approving the Amalgamation, on or prior to the Effective Date, or such other date as may be agreed to by J55 and GameCo, acting reasonably; and
 - (ii) prior to the Effective Date, not cause or permit Newco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of Newco Shares to J55, or carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the Amalgamation, unless previously consented to in writing by GameCo.
- (j) Shares. J55 will issue, at the Effective Time, post-J55 Consolidation J55 Shares, in accordance with the terms hereof, to those GameCo Shareholders who are entitled to receive J55 Shares pursuant to the Qualifying Transaction.
- (k) Listing of Shares. Until the earlier of: (i) the Effective Time; and (ii) the termination of this Agreement in accordance with Section 6.2, J55 shall use its commercially reasonable efforts to:
 - (i) ensure that the J55 Shares are continuously listed and posted for trading on the TSXV; and
 - (ii) obtain conditional approval of the TSXV for listing the J55 Shares to be issued to GameCo Shareholders pursuant to and in accordance with the terms of this Agreement.

- (l) J55 Directors and Officers. Prior to the completion of the Amalgamation, the J55 Board shall procure the duly executed resignation and mutual release of Alexander Helm, in form and substance satisfactory to GameCo, acting reasonably, and the size of the J55 Board will be increased from four to five directors such that, upon the Effective Date, the directors and officers of J55 will be as follows:

Name	Position
Francesco Aquilini	Non-Executive Chairman and Director
Adrian Montgomery	CEO and Director
Stephen Maida	President and Director
Alex Macdonald	CFO
John Veltheer	Director
Mike Beckerman	Director

- (m) Support Agreements. J55 shall cause each of Francesco Aquilini, Adrian Montgomery, John Veltheer and Alexander Helm to enter into the J55 Support Agreements concurrently with the execution and delivery of this Agreement.
- (n) Name. J55 shall change its name to "Luminosity Gaming Inc." as of the Effective Date or such other name as GameCo may determine in its sole discretion.

4.2 Covenants of GameCo

GameCo hereby covenants and agrees with J55 as follows:

- (a) GameCo Shareholder Approval. As promptly as practicable after the date hereof, GameCo shall take all steps necessary to obtain the GameCo Shareholder Approval.
- (b) Copy of Documents. GameCo shall furnish promptly to J55 a copy of any filing under any applicable Laws and any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (c) Certain Actions. GameCo shall:
- (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of this Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that would reasonably be expected to render, any representation or warranty made by GameCo in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made or that would have a Material Adverse Effect on GameCo; and

- (ii) promptly notify J55 of any material information, change or event in the business, operations, financial condition or other affairs of GameCo prior to Closing.
- (d) Satisfaction of Conditions. GameCo shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
 - (i) obtain the GameCo Shareholder Approval in accordance with the CBCA and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by GameCo under any applicable Laws or from any Governmental Entity or Security Authority or otherwise, that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on GameCo;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby, or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the GameCo Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, GameCo advises J55 in writing that it has received such advice and provides written details thereof to J55;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by GameCo; and
 - (vi) co-operate with J55 in connection with the performance by J55 of its obligations hereunder, provided however that the foregoing shall not be construed to obligate GameCo to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (e) Keep Fully Informed. Subject to applicable Laws, GameCo shall use commercially reasonable efforts to conduct itself so as to keep J55 fully informed as to the material decisions or actions required to be made with respect to the operation of its business.

- (f) Co-operation. GameCo shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.
- (g) Representations. GameCo shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of GameCo contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (h) Closing Documents. GameCo shall execute and deliver, or cause to be executed and delivered, at Closing such customary agreements, certificates, opinions, resolutions and other closing documents as may be required by J55, all in form satisfactory to J55, acting reasonably.

4.3 Mutual Covenants of GameCo and J55

Each of GameCo and the J55 Parties hereby agrees from the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with Section 6.2:

- (a) not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Amalgamation and, without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal, acquisition of shares in the capital of J55 or GameCo or any other form of transaction (unless the parties have mutually agreed otherwise), inconsistent with completion of the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation;
- (b) not to take any action that would prevent the Amalgamation from being consummated on the terms contemplated by this Agreement; and
- (c) to cooperate fully with each other and to use their reasonable efforts to complete the Amalgamation.

In addition, each of the J55 Parties hereby agrees from the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with Section 6.2 not to issue any debt, equity or other securities without the prior written consent of GameCo.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions in Favour of GameCo and J55

The respective obligations of J55 and GameCo to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the J55 Shareholder Approval shall have been obtained in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority, including the requirements of the TSXV;
- (b) the GameCo Shareholder Approval shall have been obtained in accordance with the provisions of the CBCA and the requirements of any applicable regulatory authority;
- (c) each of the J55 Board and the GameCo Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by J55, Newco and GameCo, to permit the consummation of the Qualifying Transaction and all other matters contemplated in this Agreement;
- (d) the TSXV shall have conditionally approved the Qualifying Transaction ("**TSXV Conditional Approval**") including the listing on the TSXV of the J55 Shares to be issued pursuant to the Qualifying Transaction and upon the exercise of the GameCo Warrants and the GameCo Options, under the TSXV rules and policies and such other matters as may require TSXV approval in order to give effect to the transactions contemplated hereby;
- (e) Newco shall not have engaged in any business enterprise or other activity or had any assets or liabilities;
- (f) the distribution of the J55 Shares pursuant to the Qualifying Transaction shall be exempt from prospectus and registration requirements under Applicable Securities Laws of Canada and, except with respect to persons deemed to be "control persons" of J55 under such Applicable Securities Laws, such J55 Shares shall not be subject to any resale restrictions in Canada under such Applicable Securities Laws.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of GameCo and J55 in writing at any time. No such waiver shall be of any effect unless it is in writing signed by both Parties.

5.2 J55 Conditions

The obligation of J55 to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by GameCo in this Agreement shall be true in all material respects at the Effective Time with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct;
- (b) GameCo will have completed the Luminosity Acquisition;
- (c) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of GameCo;

- (d) the issuance of J55 Shares to U.S. Persons (as defined in Regulation S) or persons in the United States pursuant to the Qualifying Transaction shall be exempt from registration requirements under the 1933 Act under Section 4(a)(2) of or Rule 903 of Regulation S under the 1933 Act;
- (e) the GameCo Shareholders, the directors and officers of J55 and such other persons as may be required by the policies of the TSXV or Applicable Securities Laws to enter into an escrow agreement with respect to the securities of J55 that are issued to them pursuant to the Amalgamation shall have entered into the requisite escrow agreement;
- (f) GameCo shall have complied in all material respects with its covenants herein; and
- (g) the GameCo Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by GameCo and J55 to permit the consummation of the Amalgamation and the transactions to be completed by GameCo pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of J55 and may be waived, in whole or in part, by J55 in writing at any time. No such waiver shall be of any effect unless it is in writing signed by J55.

5.3 GameCo Conditions

The obligation of GameCo to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the J55 Board shall have procured duly executed resignations and mutual releases, effective at the Effective Time, from each director and executive officer of J55 who will no longer be serving in such capacity or capacities following completion of the Qualifying Transaction;
- (b) the representations and warranties made by J55 in this Agreement shall be true in all material respects at the Effective Time with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct;
- (c) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of J55;
- (d) J55 shall have complied in all material respects with its covenants herein; and
- (e) the J55 Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by J55 to permit the consummation of the Qualifying Transaction and the transactions to be completed by J55 pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of GameCo and may be waived, in whole or in part, by GameCo in writing at any time. No such waiver shall be of any effect unless it is in writing signed by GameCo.

ARTICLE 6

AMENDMENT AND TERMINATION

6.1 Amendment

This Agreement may, at any time and from time to time, before or after the receipt of the J55 Shareholder Approval or the GameCo Shareholder Approval, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the J55 Shareholders or the GameCo Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties;
- (b) waive any inaccuracies in, or modify, any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with, or modify, any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with, or modify, any condition herein contained,

provided, however, that, no such amendment shall change materially the provisions hereof regarding the consideration to be received by the holders of GameCo Shares without approval by such holders of GameCo Shares given in the same manner as required for the approval of the Amalgamation.

6.2 Termination

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written agreement by J55, GameCo and Newco;
- (b) by J55, if any condition in Section 5.2 is not satisfied or waived in accordance with such section,
- (c) by GameCo, if any condition in Section 5.3 is not satisfied or waived in accordance with such section, or
- (d) by J55 or by GameCo, if any of the conditions in Section 5.1 for the benefit of the terminating party is not satisfied or waived in accordance with such Section 5.1;
- (e) by GameCo if there is a material breach of the covenants of J55 contained herein by J55 or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Effective Date, which breach cannot be cured;

- (f) by J55 if there is a material breach of the covenants of GameCo contained herein by GameCo or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Effective Date, which breach cannot be cured; or
- (g) by GameCo or by J55 if the Qualifying Transaction shall not have been completed by the Completion Deadline,

provided that any termination by a Party in accordance with the paragraphs above shall be made by such Party delivering written notice thereof to the other Parties prior to the earlier of the Effective Date and the Completion Deadline and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

ARTICLE 7

7.1 Closing Matters

The completion of the transactions contemplated by this Agreement shall take place at the Toronto offices of Norton Rose Fulbright Canada LLP at 10:00 a.m. (Toronto time) on the Closing Date, or such other date, time and place as the parties may agree.

ARTICLE 8 GENERAL

8.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party shall be in writing and shall be delivered by hand to the Party or Parties to which the notice is to be given at the following address or sent by electronic means to the following numbers or to such other address or email address as shall be specified by such other Party or Parties by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by electronic means be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (local time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the Parties shall be as follows:

- (a) if to J55 or Newco:

J55 Capital Corp.
Suite 830 - 1100 Melville Street
Vancouver, BC
V6E 4A6

Attention: John Veltheer
Email: john@veltheer.com

with a copy (which shall not constitute notice) to:

Clark Wilson LLP
Suite 900 - 885 West Georgia Street
Vancouver, British Columbia
V6C 3H1

Attention: Nafeesa Valli-Hasham
Email: NValli-Hasham@cwilson.com

(b) if to GameCo:

Aquilini GameCo Inc.
Royal Bank Plaza, South Tower
Suite 38,00, 200 Bay Street
Toronto, ON M5J 2Z4

Attention: Adrian Montgomery
Email: adrian@luminosity.gg

with a copy (which shall not constitute notice) to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, ON
M5J 2Z4

Attention: Robert Mason
Email: robert.mason@nortonrosefulbright.com

8.2 Expenses

The Parties agree that each Party shall pay for its costs incurred in connection with this Agreement and the transactions contemplated hereby and the preparation and mailing of the Information Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses, whether or not the Qualifying Transaction is completed. The provisions of this Section 8.2 shall survive the termination of this Agreement.

8.3 Time of the Essence

Time shall be of the essence in this Agreement.

8.4 Entire Agreement

This Agreement together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral

or written, between the Parties with respect to the subject matter hereof, including the LOI. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

8.5 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Amalgamation.

8.6 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. The Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

8.7 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

8.8 Waiver

No waiver or release by any Party shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 6.1.

8.9 No Personal Liability

No director, officer or employee of J55 shall have any personal liability to GameCo under this Agreement. No director, officer or employee of GameCo shall have any personal liability to J55 under this Agreement.

8.10 Enurement and Assignment

This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors. This Agreement may not be assigned by any Party without the prior written consent of the other Parties.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

J55 CAPITAL CORP.

Per: "John Veltheer"
John Veltheer
CFO and Director

AQUILINI GAMECO INC.

Per: "Alex Macdonald"
Alex Macdonald
CFO

11305751 CANADA INC.

Per: "John Veltheer"
John Veltheer
President and Director

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SCHEDULE A

By-laws of Amalco

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

Aquilini GameCo Inc.

Contents

Section	Subject
1	Interpretation
2	Business of the Corporation
3	Directors
4	Committees
5	Officers
6	Protection of Directors and Officers and others
7	Shareholders
8	Dividends
9	Notices
10	Effective Date

IT IS HEREBY ENACTED as By-law No. 1 of Aquilini GameCo Inc. (the **Corporation**) as follows:

1 Interpretation

1.1 Definitions

Unless otherwise defined below, words and expressions defined in the Act have the same meanings when used in the by-laws.

Any reference to a director, officer, shareholder or auditor in the by-laws means to a director, officer, shareholder or auditor of the Corporation. In the by-laws of the Corporation, the following terms have the following meanings:

Act means the *Canada Business Corporations Act* and the regulations made thereto, as amended from time to time, and every statute that may be substituted therefor, and in the case of such amendment or substitution, any reference to the Act in the by-laws refers to the amended or substituted provisions therefor;

board means the board of directors of the Corporation;

by-laws means this by-law and all other by-laws of the Corporation from time to time in force and effect;

meeting of shareholders means any meeting of shareholders, including an annual meeting of shareholders and a special meeting of shareholders;

person means an individual, partnership, limited partnership, limited liability partnership, syndicate, sole proprietorship, corporation or company (with or without share capital), limited liability company, trust, unincorporated association or other entity;

recorded address means (i) in the case of a shareholder, the latest address as shown in the records of the Corporation for such shareholder; (ii) in the case of joint shareholders, the address appearing in the records of the Corporation in respect of such joint holding, or the first address appearing if there is more than one; and (iii) in the case of a director, officer or auditor, the latest address as recorded in the records of the Corporation for such person.

1.2 Number and Gender

Any reference to gender includes all genders. Words importing the singular include the plural and *vice versa*.

1.3 Conflict with the Act and Articles

If there is any conflict or inconsistency between the by-laws and the Act or the articles of the Corporation, the Act or the articles shall govern.

1.4 Conflict with Unanimous Shareholders' Agreement

Notwithstanding anything contained in the by-laws, the by-laws are amended to the extent necessary to give effect to any unanimous shareholders' agreement in force among between the Corporation and all of the shareholders of the Corporation, and if there is any conflict or

inconsistency between the by-laws and any unanimous shareholders' agreement, the unanimous shareholders' agreement shall govern.

1.5 Headings

The division of this by-law into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

1.6 Invalidity of any Provision of this By-Law

The invalidity or unenforceability of any provision in this by-law shall not affect the validity or enforceability of the remaining provisions which will continue in full force and effect, without amendment.

2 Business of the Corporation

2.1 Corporate Seal

The Corporation may, but need not, have a corporate seal and if one is adopted it shall be in such form as the board may approve from time to time.

2.2 Financial Year

The financial year of the Corporation ends on such date in each year as the board may determine by resolution from time to time.

2.3 Execution of Instruments

Contracts, documents or instruments in writing may be signed on behalf of the Corporation, either manually, by facsimile or by electronic means by any one director or officer or any other person authorized by the directors from time to time (each such person is referred to as an **Authorized Signatory**). Voting rights for securities held by the Corporation may be exercised on behalf of the Corporation by any one Authorized Signatory. In addition, the board may from time to time, authorize any persons to sign contracts, documents or instruments in writing generally or to sign a specific contract, document or instrument in writing or to exercise voting rights for securities held by the Corporation generally or to exercise voting rights for specific securities held by the Corporation.

Any Authorized Signatory or other person authorized to sign any contract, document or instrument in writing, may affix the corporate seal, if any, to any contract, document or instrument in writing.

The term **contract, document or instrument in writing** includes, without limitation, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges, conveyances, transfers and assignments of securities and all other paper writings or electronic writings.

2.4 Banking Arrangements

The banking and borrowing business of the Corporation or any part of it shall be transacted with such banks, trust companies or other persons as may from time to time be authorized by the board. Such banking or borrowing business or any part of it will be transacted on behalf of the

Corporation under such agreements, instructions and delegations of powers as the board may direct or authorize from time to time. This paragraph does not limit the authority given under section 2.3.

3 Directors

3.1 Place of Meetings

Meetings of the board may be held at the registered office of the Corporation or any other place within or outside Canada.

3.2 Notice

Subject to any resolution of the board, meetings of the board may be called at any time by the chair of the board, the president or any vice-president who is a director, or any two directors. Notice of the time and place for holding any meeting of the board shall be given by the secretary of the Corporation at least 48 hours prior to the time fixed for the meeting.

The accidental omission to give notice of any meeting of the board to, or the non-receipt of any notice by, any person, or any error in any notice not affecting the substance of the notice, does not invalidate any resolution passed or any action taken at the meeting.

A director may waive notice of a meeting of the board, any irregularity in a notice of meeting of the board or any irregularity in a meeting of the board. Such waiver may be given in any manner and at any time either before or after the meeting to which the waiver relates. Waiver of any notice of a meeting cures any irregularity in the notice, any default in the giving of the notice and any default in the timeliness of the notice.

3.3 Quorum

The board may, from time to time, fix by resolution the quorum for meetings of the board. Until otherwise fixed, a majority of directors holding office, from time to time, will constitute a quorum.

3.4 First Meeting of the New Board

For the first meeting of the board to be held following the election of the board at an annual or special meeting of the shareholders, or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director in order for the meeting to be duly constituted, provided a quorum of the directors is present.

3.5 Meeting by Telephonic, Electronic or Other Communication Facility.

A director may, if all the directors of the Corporation consent, participate in a meeting of the board by telephonic or electronic means. A director participating in a meeting by such means is deemed to be present at the meeting. Any consent is effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board.

3.6 Chair

The chair of any meeting of the board shall be the first mentioned of the following officers who is a director and is present at the meeting: the chair of the board; the chief executive officer or the president. If such officer is not present, the directors present will choose one of their number to chair the meeting.

3.7 Votes to Govern

All questions arising at any meeting of the board will be decided by a majority of votes. In the case of an equality of votes, the chair of the meeting is not entitled to a second or casting vote in addition to his original vote.

3.8 Remuneration and Expenses

The board may determine from time to time the remuneration, if any, to be paid to a director for his services as a director. The directors are also entitled to be reimbursed for travelling and other out-of-pocket expenses properly incurred by them in attending board meetings, committee meetings and shareholders meetings and in the performance of other duties of directors of the Corporation. The board may also award additional remuneration to any director undertaking special services on the Corporation's behalf beyond the services ordinarily required of a director by the Corporation.

A director may be employed by or provide services to the Corporation otherwise than as a director. Such a director may receive remuneration for his services as a director.

4 Committees

Subject to the Act, the board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board.

The powers of any committee shall be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Canada. At all meetings of committees every question shall be decided by a majority of votes.

Each committee has the power to appoint its chair and to make, amend or repeal rules and procedures to regulate its meetings, including fixing its quorum (provided that a quorum may not be less than a majority of its members), setting requirements for calling, holding, conducting and adjourning meetings of the committee, selecting a chair for a meeting and determining whether the chair has a second or casting vote in the case of an equality of votes. If no rules and procedures are made, the rules and procedures will be the same as those governing the board set out in section 3 which shall apply with such changes as are necessary. Each member of a committee will serve at the pleasure of the board and, in any event, only so long as such person is a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

5 Officers

5.1 Appointment of Officers

The board may appoint, at any time and from time to time, one or more officers of the Corporation as the board may determine. All officers will perform such duties as may be determined by the board or pursuant to a delegation of authority by the board and, in the absence of such determination, will be those usually incidental to the office held.

6 Protection of Directors and Officers and Others

6.1 Limitation of Liability

Subject to the Act and any other applicable law, no director or officer of the Corporation is liable for: (a) the acts, omissions, receipts, neglects or defaults of any other director or officer or employee; (b) joining in any receipt or other act for conformity; (c) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation for or on behalf of the Corporation; (d) the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation are invested; (e) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person, including any person with whom any moneys, securities or effects are deposited; (f) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of the Corporation; or (g) any other loss, damage or misfortune whatever which may happen in the execution of the duties of his office or in relation thereto, unless any of the above happens by or through his failure to exercise his powers and to discharge his duties honestly, in good faith with a view to the best interests of the Corporation or to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.2 Indemnification

- (a) Subject to the Act and any other applicable law, the Corporation shall indemnify each director and officer of the Corporation, each former director or officer of the Corporation, and each other individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity, of another entity against all costs, charges and expenses including any amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative, investigative or other proceeding to which he is made a party or involved in by reason of being or having been a director or officer of the Corporation or such other entity at the request of the Corporation or in a similar capacity, (excluding any proceeding initiated by such individual other than to establish a right of indemnification) provided:
 - (i) the individual acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interest of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and
 - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds to believe that his conduct was lawful.

- (b) The Corporation may advance monies to an individual referred to in section 6.2(a) for costs, charges, and expenses of a proceeding referred to above provided such individual shall repay the monies advanced if the individual does not fulfill the conditions set out in the Act.
- (c) The Corporation is authorized to enter into any agreement evidencing and setting out the terms and conditions of an indemnity in favour of any of the persons referred to in section 6.2(a).
- (d) The Corporation may purchase, maintain or participate in insurance against the risk of its liability to indemnify pursuant to this by-law or otherwise.
- (e) The right of any person to indemnification granted by this by-law are not exclusive of any other rights to which such person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise.

7 Shareholders

7.1 Calling Meetings

Any two or more directors and each of the chair of the board and the chief executive officer shall have power to call a meeting of shareholders at any time. Meetings of shareholders will be held on the date and at the time and place within Canada as the persons calling the meeting determine.

7.2 Meeting held by Telephonic, Electronic or Other Communications Facility

A meeting of shareholders may be held by telephonic, electronic or other means of communication facility that permits all participants to communicate adequately with each other during a meeting. A shareholder, proxyholder or shareholder's representative who participates through those means at a meeting or establishes a communications link to the meeting shall be deemed to be present at that meeting. A meeting held by telephone, electronic or other communication facility shall be deemed to be held at the place where the registered office or the Corporation is located.

7.3 Notice of Meeting

If the Corporation is not an offering corporation, the time period to provide notice of the time and place of a meeting of shareholders is not less than ten days and not more than fifty days before the meeting.

The accidental omission to give notice of any meeting of shareholders to, or the non-receipt of any notice by, any person, or any error in any notice not affecting the substance of the notice, does not invalidate any resolution passed or any action taken at the meeting.

7.4 Waiver of Notice

A shareholder, a proxyholder, a shareholder's representative, a director or the auditor and any other person entitled to attend a meeting of shareholders may waive notice of a meeting of shareholders, any irregularity in a notice of meeting of shareholders or any irregularity in a meeting of shareholders. Such waiver may be given in any manner and at any time either before or after the meeting to which the waiver relates. Waiver of any notice of a meeting of

shareholders cures any irregularity in the notice, any default in the giving of the notice and any default in the timeliness of the notice.

7.5 Chair, Secretary and Scrutineer

The chair of any meeting of shareholders will be the first mentioned of the following officers who is present at the meeting: chair of the board, chief executive officer, president or a vice-president. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote will choose one of their number to be chair of the meeting. If present, the secretary of the Corporation shall be secretary of the meeting. If the secretary is absent, the chair of the meeting shall appoint another person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more persons may be appointed by the chair of the meeting to act as scrutineers at any meeting of shareholders. Such persons need not be shareholders.

7.6 Quorum

A quorum of shareholders is present at a meeting of shareholders if two persons, each of whom is a shareholder or duly appointed proxy or representative for an absent shareholder representing in the aggregate not less than 50.1% of the outstanding shares of the Corporation entitled to vote at a meeting of shareholders are present in person or represented by proxy at the start of any meeting of shareholders.

7.7 Representatives

The authority of an individual to represent a body corporate or association at a meeting of shareholders of the Corporation shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the chair of the meeting.

7.8 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders are those entitled to vote at the meeting, the directors, the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Other persons may be permitted to attend with the consent of the chair of the meeting or the affirmative vote of a majority of the persons present in person at the meeting who are entitled to vote.

7.9 Votes to Govern

A vote at a meeting of shareholders may be held by any means of communication facility made available by the Corporation. Any question at a meeting of shareholders shall be decided by a majority of the votes cast on the question unless the articles, the by-laws, the Act or other applicable law require otherwise. In the case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

7.10 Voting

Any question at a meeting of shareholders shall be decided by a show of hands unless a ballot is demanded or required. Where a ballot is required or demanded to decide any question at a

meeting of shareholders, the ballot shall be taken in such manner as the chair of the meeting shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of a ballot shall be the decision of the shareholders upon the question.

7.11 Procedure

The chair of a meeting of shareholders will conduct the meeting and determine the procedure to be followed at the meeting. The chair's decision on all matters or things, including any questions regarding the validity or invalidity of a form of proxy or other instrument appointing a proxy, is conclusive and binding upon the meeting of shareholders.

7.12 Adjournment

The chair of any meeting of shareholders may, with the consent of the persons present who are entitled to vote at the meeting, adjourn the meeting from time to time and place to place, subject to conditions as such persons may decide. Any adjourned meeting is duly constituted if held in accordance with the terms of the adjournment and a quorum is present at the adjourned meeting. Any business may be considered and transacted at any adjourned meeting which could have been considered and transacted at the original meeting of shareholders.

8 Dividends

A dividend or other distribution payable in money may be paid either by electronic means, by cheque or by such other method as the board may determine. Payment will be made to or to the order of each registered holder of shares of the class in respect of which the payment is to be made. Cheques will be sent to a registered holder at the recorded address, unless the holder otherwise directs. In the case of joint holders, unless the joint holders otherwise direct, payment will be made to the order of all of such joint holders and, if applicable, sent to them at the recorded address. The sending of the payment by cheque, electronic means or such other method as the board may determine, in an amount equal to the dividend or other distribution to be paid less any tax which the Corporation is required to and does withhold, will satisfy and discharge the Corporation's liability for payment unless a cheque is not paid upon presentation. In the event of non-receipt of any payment by the person to whom it is sent, the Corporation may re-issue the payment on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as may be prescribed by the board or any person designated by the board from time to time.

9 Notices

Any notice (which term includes, any communication or contract, document or instrument in writing) to be given (which term includes, sent, delivered or served) pursuant to the Act, the articles or the by-laws or otherwise to a shareholder, director, officer, auditor (if any) or member of a committee of the board will be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to such person's recorded address, or if mailed to such person by prepaid mail at the person's recorded address or if otherwise communicated to such person by electronic means as permitted by the Act. The foregoing may not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law. A notice so delivered will be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed will be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any electronic means will be deemed to have been given at the time specified under the Act.

Irregularities in the notice not affecting the substance thereof or in the giving thereof as well as the unintentional omission to give notice to, or the non-receipt of any such notice by, any such person will not invalidate any action taken at any such meeting.

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, is bound by every notice in respect of such share which has been given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

10 Effective Date

This by-law will come into force on the date when made by the board in accordance with the Act.

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ENACTED AND MADE by the Board of the Corporation and **CONFIRMED** by the shareholders of the Corporation the 29th day of August 2018.

“Adrian Montgomery”

Director

SCHEDULE B

Amalgamation Application



Innovation, Science and
Economic Development Canada
Corporations Canada

Innovation, Sciences et
Développement économique Canada
Corporations Canada

Canada Business Corporations Act (CBCA)

FORM 9

ARTICLES OF AMALGAMATION

(Section 185)

1 - Corporate name of the amalgamated corporation					
Aquilini GameCo Inc.					
2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)					
Ontario					
3 - The classes and any maximum number of shares that the corporation is authorized to issue					
The Corporation is authorized to issue an unlimited number of common shares.					
4 - Restrictions, if any, on share transfers					
The shares of the Corporation shall not be transferred without the consent of either (a) the directors evidenced by a resolution passed or signed by them and recorded in the books of the Corporation or (b) the holders of a majority in number of the outstanding voting shares of the Corporation.					
5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)					
Minimum number		1	Maximum number		10
6 - Restrictions, if any, on the business the corporation may carry on					
None.					
7 - Other provisions, if any					
See attached schedule.					
8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:					
☒	183 - Long form: approved by special resolution of shareholders	☐	184(1) - Vertical short-form: approved by resolution of directors	☐	184(2) - Horizontal short-form: approved by resolution of directors
9 - Declaration					
I hereby certify that I am a director or an authorized officer of the following corporation:					
Name of the amalgamating corporations		Corporation number		Signature	
Aquilini Gameco Inc.		1096828	- 5	Adrian Montgomery, Director	
11305751 Canada Inc.		1130575	- 1	John Veltheer, Director	
			-		
			-		
			-		
Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).					

Schedule / Annexe

Other Provisions / Autres dispositions

Securities of the Corporation, other than shares and non-convertible debt securities, shall not be transferred without compliance with the restrictions on transfer contained in the applicable securityholders' agreement or, absent any such restrictions, shall not be transferred without the consent of the Secretary of the Corporation.

The directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders

SCHEDULE C

FORM OF QUALIFYING TRANSACTION RESOLUTION

BE IT RESOLVED as an ordinary resolution of the disinterested shareholders (the “**Disinterested Shareholders**”) of J55 Capital Corp. (“**J55**”) that:

1. The execution and delivery by J55 of the Amalgamation Agreement dated ♦, 2019 (the “**Agreement**”) among J55, Aquilini GameCo Inc. (“**GameCo**”) and 11305751 Canada Inc. (“**Newco**”), a newly-incorporated wholly-owned subsidiary of J55, pursuant to which it is proposed that J55 and Newco amalgamate (the “**Amalgamation**”) on the terms and conditions set forth therein to continue as one corporation pursuant to the provisions of the *Canada Business Corporations Act* and the other transactions contemplated therein, which will be J55’s Qualifying Transaction (as defined in the policies of the TSX Venture Exchange), as more particularly described in the management information circular of J55 dated ●, 2019 be and is hereby ratified, confirmed and approved;
2. Subject to the approval of the TSXV, the performance by J55 of its obligations under the Agreement, including (i) each outstanding common share of GameCo being exchanged for one (1) fully paid and non-assessable J55 Share; (ii) each outstanding common share purchase warrant of GameCo (“**GameCo Warrant**”) being exchanged for one warrant of J55 to purchase the corresponding number of J55 Shares on the same terms as those contained in the GameCo Warrant, as applicable, immediately prior to the Amalgamation; and (iii) subject to receipt of all regulatory approvals, each outstanding option to purchase GameCo common shares (“**GameCo Option**”) being replaced with one option to be issued by J55 to purchase the corresponding number of J55 Shares on the same terms as those contained in the GameCo Option immediately prior to the Amalgamation, be and is hereby authorized and approved;
3. Subject to the approval of the TSXV, the completion of the transactions contemplated by the Agreement, on such terms and conditions as the Board may determine, in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Agreement, be and are hereby authorized and approved;
4. Notwithstanding the approval of this resolution by the Disinterested Shareholders, or the approval of the Qualifying Transaction by the TSXV, the Board is hereby authorized and empowered, without further notice to, or approval of, the Disinterested Shareholders to: (a) amend, modify or supplement the Agreement in accordance with its terms, and (b) not proceed with the transactions contemplated by the Agreement or any related transactions; and
5. Any one director or officer of J55 (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
 - (a) execute and deliver, for and on behalf of J55, under the seal of J55 or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and

- (b) do or cause to be done all such other acts or things for or on behalf of J55 as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of J55 in connection with any transaction or matter contemplated by these resolutions shall be binding on J55 and shall be conclusively presumed to be the act of J55.

SCHEDULE D

FORM OF GAMECO RESOLUTION

BE IT RESOLVED as a special resolution **THAT**:

1. The amalgamation involving the Aquilini GameCo Inc. (the “**Corporation**”) and J55 Capital Corp. (or a subsidiary thereof) (the “**Amalgamation**”) pursuant to the terms and conditions of the amalgamation agreement dated as of the date of this resolution (the “**Amalgamation Agreement**”), be and the same is hereby approved;
2. The Amalgamation Agreement, substantially in the form provided to the shareholders, including all schedules thereto, is hereby approved and any director or officer of the Corporation is hereby authorized to hereafter amend or revise the Amalgamation Agreement without any further consent of the shareholders;
3. Any director or officer of the Corporation be and is hereby authorized and empowered, for and on behalf of the Corporation, to execute and deliver, or cause to be delivered, any amalgamation application and such other documents and instruments, and to do or cause to be done, such other actions as such director or officer may determine to be necessary or desirable in order to implement these special resolutions and the matters authorized herein, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments or taking of such actions; and
4. Notwithstanding that these special resolutions have been duly approved by the shareholders of the Corporation, the directors of the Corporation, in their sole discretion and without the requirement to obtain any further approval from the shareholders of the Corporation, are hereby authorized and empowered to revoke these special resolutions at any time before they are acted upon without further approval from the shareholders.

SCHEDULE E

J55 OPTIONS AND WARRANTS

2,300,000 J55 Shares are reserved for issuance for the exercise of stock options and warrants, as indicated below.

<u>Number of options outstanding and exercisable</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,710,000	\$0.10	December 12, 2028
<u>190,000</u>	\$0.10	The earlier of December 12, 2028 and the 90 th day after the optionee ceases to be an eligible charitable organization
1,900,000		

<u>Number of agent's warrants outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
<u>400,000</u>	\$0.10	December 12, 2020
400,000		

AMENDMENT TO THE AMALGAMATION AGREEMENT

THIS AGREEMENT (this “**Amending Agreement**”) is made effective as of the 19th day of June, 2019

AMONG:

AQUILINI GAMECO INC., a company incorporated under the federal laws of Canada and having an office at Suite 3800 – 200 Bay Street, Toronto, ON M5J 2Z4

(“**GameCo**”)

AND:

J55 CAPITAL CORP., a company incorporated under the laws of the Province of British Columbia and having an office at Suite 830 – 1100 Melville Street, Vancouver, BC V6E 4A6

(“**J55**”)

AND:

11305751 CANADA INC., a company incorporated under the federal laws of Canada and having an office at 900 - 885 West Georgia Street, Vancouver, BC V6C 3H1

(“**Newco**”)

WHEREAS:

- A. GameCo, J55 and Newco (each a “**Party**”, and collectively, the “**Parties**”) entered into an Amalgamation Agreement dated effective May 30, 2019 (the “**Amalgamation Agreement**”) pursuant to which J55 will acquire all of the issued and outstanding securities of GameCo in consideration for corresponding post-J55 Consolidation securities of J55 on the terms and conditions of the Amalgamation Agreement (the “**Amalgamation**”);
- B. J55 and GameCo also entered into an Arrangement Agreement dated effective May 30, 2019 (the “**Arrangement Agreement**”) with Enthusiast Gaming Holdings Inc. (“**Enthusiast**”) pursuant to which, following completion of the Amalgamation, J55 will purchase all of the issued and outstanding common shares of Enthusiast for common shares of J55 (on a post-J55 Consolidation basis) on the terms and conditions of the Arrangement Agreement (the “**Arrangement**”);

- C. As of the date hereof, GameCo is undertaking a bought deal private placement of an aggregate principal amount of \$10,000,000 of debentures (collectively, the “**GameCo Debentures**”);
- D. The GameCo Debentures will not bear any interest in the event the Arrangement is completed by June 30, 2020. In the event the Arrangement is not completed by June 30, 2020, then the GameCo Debentures shall bear interest from the date of issue at the rate of 8.00% per annum payable in arrears along with the principal on June 30, 2020.
- E. Each GameCo Debenture is convertible into GameCo Shares at a conversion price of \$0.45 share (the “**Conversion Price**”) at the option of the holder on the date of satisfaction of the Escrow Release Conditions (as defined in the GameCo Subscription Receipt Agreement);
- F. Upon closing of the Arrangement, all of the GameCo Debentures then outstanding will be automatically converted into J55 Shares at the Conversion Price;
- G. The Parties seek to amend the Amalgamation Agreement to provide for the exchange of the GameCo Debentures for corresponding debentures of J55 which are convertible into J55 Shares (on a post-J55 Consolidation basis) at \$0.45 per share; and
- H. Pursuant to Section 6.1 of the Amalgamation Agreement, the Amalgamation Agreement may be amended by mutual written agreement of the Parties without, subject to applicable laws, further notice to or authorization on the part of the shareholders of J55 or GameCo.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

ARTICLE 1 AMENDMENTS TO THE AMALGAMATION AGREEMENT

1.1 Amendments

The Parties hereby agree to make the following amendments to the Amalgamation Agreement:

- (a) Section 1.1 of the Amalgamation Agreement is amended by inserting the following defined terms in alphabetical order, as applicable:

“Arrangement” means the arrangement transaction among J55, GameCo and Enthusiast to be completed on the terms and conditions of the Arrangement Agreement;

“Arrangement Agreement” means the arrangement agreement dated May 30, 2019 among J55, GameCo and Enthusiast, as amended from time to time;

“Enthusiast” means Enthusiast Gaming Holdings Inc.;

“GameCo Debentures” means the convertible debentures of GameCo in the aggregate principal amount of \$10,000,000 which have a maturity date of June 30, 2020, bear interest at a rate of 8.0% per annum and automatically convert into GameCo Shares at a conversion price of \$0.45 per share immediately prior to the closing of the Arrangement;

“J55 Debentures” means the convertible debentures of J55 in the aggregate principal amount of \$10,000,000 which are exchanged for the GameCo Debentures on the terms and conditions of this Agreement, and which will mature on June 30, 2020, bear interest at a rate of 8.0% per annum and automatically convert into J55 Shares (on a post-J55 Consolidation basis) at a conversion price of \$0.45 per share;

- (b) Section 2.1 of the Amalgamation Agreement is amended by:
 - (i) renumbering subparagraphs 2.1(e)(iv) to (vii) as subparagraphs 2.1(e)(v) to (viii), and
 - (ii) inserting the following paragraph as the new subparagraph 2.1(e)(iv):

(iv) subject to receipt of all required regulatory approvals, the GameCo Debentures outstanding immediately prior to the Effective Time shall be exchanged for the J55 Debentures which shall be convertible into the corresponding number of J55 Shares (on a post-J55 Consolidation basis) on the same terms as those contained in the GameCo Debentures immediately prior to the Amalgamation and such GameCo Debentures shall be cancelled. The conversion price for each J55 Share (on a post-J55 Consolidation basis) underlying the J55 Debentures will be equal to the conversion price for the GameCo Debentures in effect immediately prior to the Amalgamation;
- (c) Paragraph 3.2(b) of the Amalgamation Agreement is amended by”
 - (i) deleting the reference to “May 22, 2019” and replacing it with “May 30, 2019”, and
 - (ii) adding the following new paragraph (ix):

(ix) 22,222,222 GameCo Shares for issuance on conversion of the GameCo Debentures.

ARTICLE 2 GENERAL

2.1 Defined Terms

All capitalized terms used herein, including the recitals, and not otherwise defined herein shall have the meaning ascribed to them in the Amalgamation Agreement.

2.2 Entire Agreement

Except as amended hereby, the Amalgamation Agreement continues in full force and effect and the Amalgamation Agreement and this Amending Agreement will be read and construed together as one agreement. The Parties ratify and affirm the Amalgamation Agreement as amended hereby (the “**Amended Amalgamation Agreement**”), and agree that the Amended Amalgamation Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof. The Amended Amalgamation Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof.

2.3 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent of the Amended Amalgamation Agreement including, without limitation, the Amalgamation.

2.4 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. The Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

2.5 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

J55 CAPITAL CORP.

Per: "John Veltheer"
John Veltheer
CFO and Director

AQUILINI GAMECO INC.

Per: "Alex Macdonald"
Alex Macdonald
CFO

11305751 CANADA INC.

Per: "John Veltheer"
John Veltheer
President and Director

APPENDIX 17
ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT

J55 CAPITAL CORP.

- and -

AQUILINI GAMECO INC.

- and -

ENTHUSIAST GAMING HOLDINGS INC.

ARRANGEMENT AGREEMENT

May 30, 2019

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated May 30, 2019,

BETWEEN:

J55 Capital Corp., a corporation existing under the laws of the Province of British Columbia ("**J55**")

- and -

Aquilini GameCo Inc., a corporation existing under the laws of Canada ("**GameCo**")

- and -

Enthusiast Gaming Holdings Inc., a corporation existing under the laws of the Province of Ontario ("**Enthusiast**")

WHEREAS:

A. Prior to the consummation of the transactions contemplated herein, J55 will complete the RTO;

B. Prior to the consummation of the RTO, GameCo will complete the Proposed Acquisitions;

C. The Parties wish to propose an arrangement involving the acquisition by J55 of all of the issued and outstanding Enthusiast Shares in exchange for J55 Shares;

D. The Parties intend to carry out the transactions contemplated herein by way of a statutory plan of arrangement under the provisions of the OBCA, and on and subject to the terms and conditions contained herein;

E. J55 has entered into voting and support agreements with all of the directors and senior officers of Enthusiast who hold Enthusiast Shares, pursuant to which, among other things, such directors, senior officers have agreed to vote all of the Enthusiast Shares held by them in favour of the Enthusiast Arrangement Resolution, on the terms and subject to the conditions set forth in such agreements;

F. Enthusiast has entered into voting and support agreements with all of the directors and senior officers of J55 who hold J55 Shares and the J55 Significant Shareholder, pursuant to which, among other things, such directors, senior officers and the J55 Significant Shareholder have agreed to vote all of the J55 Shares held by them in favour of the J55 Resolutions, on the terms and subject to the conditions set forth in such agreements;

G. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangements.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

In this Agreement, unless the context otherwise requires:

“Acquisition Proposal” means, other than the transactions contemplated by this Agreement and other than any transaction involving only Enthusiast and/or one or more of its wholly-owned subsidiaries, any written offer or proposal from any Person or group of Persons other than J55 (or an affiliate of J55 or any Person acting jointly or in concert with J55) received by Enthusiast after the date of this Agreement relating to: (i) any sale or disposition (or any lease, license or other arrangement having the same economic effect as a sale or disposition) of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Enthusiast; (ii) any take-over bid, tender offer, exchange offer or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Enthusiast; or (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, or other similar transaction involving Enthusiast pursuant to which any Person or group of Persons would own, directly or indirectly, 20% or more of the voting or equity securities of Enthusiast or of the surviving entity or the resulting direct or indirect parent of Enthusiast or the surviving entity.

“affiliate” has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus Exemptions*;

“Agreement” means this arrangement agreement, together with the Schedules attached hereto, the Enthusiast Disclosure Letter and the J55 Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“Amalgamation Agreement” means the form of amalgamation agreement to be entered into by and among J55, GameCo and 11305751 Canada Inc., which has been provided to Enthusiast, in connection with the RTO;

“Arrangement” means an arrangement under section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or the Plan of Arrangement or at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably;

“Articles of Arrangement” means the articles of arrangement of Enthusiast in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably;

“Authorization” means, with respect to any Person, any order, permit, approval, grant, consent, waiver, license, certificate, judgment, writ, award, determination, exemption, direction, decision, decree, bylaw, rule, regulation, registration or similar authorization of, from or required by any Governmental Entity having jurisdiction over the Person;

“Business Day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or Vancouver, British Columbia;

“Certificate of Arrangement” means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

“Confidentiality Agreement” means the confidentiality agreement made as of April 12, 2019, between GameCo and Enthusiast, as it may be amended;

“Consideration” means, for each Enthusiast Share, the number of J55 Shares equal to the Exchange Ratio;

“Consideration Shares” means the J55 Shares to be issued as Consideration pursuant to the Plan of Arrangement;

“Contract” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other enforceable right or binding obligation to which a Party or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or to which any of their respective properties or assets is subject;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“Depositary” means Computershare Investor Services Inc. or such other Person as the Parties may agree to in writing, each acting reasonably;

“Director” means the director appointed under Section 278 of the OBCA;

“Dissent Rights” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

“Enthusiast Arrangement Resolution” means the special resolution of the Enthusiast Shareholders approving the Arrangement to be considered at the Enthusiast Meeting, substantially in the form of Schedule B hereto;

“Enthusiast Board” means the board of directors of Enthusiast as the same is constituted from time to time;

“Enthusiast Board Recommendation” means the unanimous determination of the Enthusiast Board, after consultation with its legal and financial advisors, that the Arrangement is in the

best interests of Enthusiast and is fair to Enthusiast Shareholders and the unanimous recommendation of the Enthusiast Board to Enthusiast Shareholders that they vote in favour of the Enthusiast Arrangement Resolution;

“Enthusiast Change in Recommendation” has the meaning ascribed thereto in Section 8.2(1)(d)(ii);

“Enthusiast Circular” means the notice of the Enthusiast Meeting to be sent to the Enthusiast Shareholders in connection with the Enthusiast Meeting and the accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, as amended, supplemented or otherwise modified from time to time;

“Enthusiast Convertible Debentures” means the unsecured convertible debentures of Enthusiast;

“Enthusiast Data Room” means the electronic data room established by Enthusiast in connection with the transactions contemplated by this Agreement,, as such electronic data room existed as of 5:00 p.m. (Toronto time) on May 29, 2019;

“Enthusiast Disclosure Letter” means the disclosure letter executed by Enthusiast and delivered to J55 on the date hereof in connection with the execution of this Agreement;

“Enthusiast Fairness Opinion” means the opinion of Haywood Securities Inc. to the effect that, as of the date of this Agreement, the Consideration to be received by the Enthusiast Shareholders is fair, from a financial point of view, to the Enthusiast Shareholders;

“Enthusiast Financial Statements” has the meaning ascribed thereto in paragraph 6(9) of Schedule C;

“Enthusiast Intellectual Property Rights” has the meaning ascribed thereto in paragraph 6(19)(l) of Schedule C;

“Enthusiast Meeting” means the annual and special meeting of Enthusiast Shareholders, including any adjournment or postponement of such annual and special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Enthusiast Arrangement Resolution, annual meeting matters consistent with past practice and for any other purpose as may be set out in the Enthusiast Circular and agreed to in writing by the Parties;

“Enthusiast Options” means the outstanding options to purchase Enthusiast Shares granted under or otherwise subject to the Enthusiast Stock Option Plan;

“Enthusiast Public Disclosure Record” means all documents and information filed by Enthusiast under applicable Securities Laws on the System for Electronic Document Analysis Retrieval (SEDAR) since January 1, 2018;

“Enthusiast Shareholders” means the holders of Enthusiast Shares;

“Enthusiast Shareholder Approval” has the meaning ascribed thereto in Section 2.2(1)(c);

“Enthusiast Shares” means common shares in the capital of Enthusiast, as currently constituted and that are currently listed and posted for trading on the TSXV under the symbol “EGLX”;

“Enthusiast Software” has the meaning ascribed thereto in Section 6(21) of Schedule C;

“Enthusiast Stock Option Plan” means the stock option plan of Enthusiast approved by the Enthusiast Board on June 30, 2017, as amended from time to time;

“Enthusiast Supporting Shareholders” means all of the directors and senior officers of Enthusiast that hold Enthusiast Shares;

“Enthusiast Termination Fee” means \$4,500,000;

“Enthusiast Termination Fee Event” has the meaning ascribed thereto in Section 8.3(2);

“Enthusiast Warrants” means the currently issued and outstanding common share purchase warrants and/or compensation options of Enthusiast;

“Effective Date” means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing prior to the Effective Date;

“Employee Plans” means, all health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of Enthusiast or any of its subsidiaries, (but excluding any Statutory Plans) which are sponsored, maintained by, contributed to, or binding upon Enthusiast or any of its subsidiaries or in respect of which Enthusiast or any of its subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute and including, for greater certainty the Enthusiast Stock Option Plan;

“Environment” means the natural environment (including soil, land, surface or subsurface strata, surface water, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, including human health and safety, and any other environmental medium or natural resource);

“Exchange Ratio” means, for each Enthusiast Share, 4.22 J55 Shares, subject to adjustment pursuant to Section 2.15;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any

time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to the Parties, each acting reasonably) on appeal;

“Governmental Entity” means any applicable: (a) multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, minister, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, commissioner, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange;

“IFRS” means the International Financial Reporting Standards issued by the International Accounting Standards Board that are applicable to public issuers in Canada;

“including” means including without limitation, and “include” and “includes” each have a corresponding meaning;

“Intellectual Property” means domestic and foreign: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions, and continuations-in-part of patents and patent applications; (b) proprietary and non-proprietary business information, including inventions, improvements, trade secrets, know-how, methods, processes, designs, technology, technical data and documentation relating to any of the foregoing; (c) trade-marks (both registered and unregistered), trade names, business names, corporate names, domain names, website names and website addresses, trade dress and logos, and the goodwill associated with any of the foregoing; (d) copyrights, copyright registrations and applications for copyright registrations; and (e) any other proprietary information or intellectual property;

“Interim Order” means the interim order of the Court made in connection with the Arrangement and providing for, among other things, the calling and holding of the Enthusiast Meeting, as the same may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably);

“J55” means J55, a corporation existing under the laws of the Province of British Columbia;

“J55 Board” means the board of directors of J55 as the same is constituted from time to time;

“J55 Board Recommendation” means the unanimous determination of the J55 Board, after consultation with its legal and financial advisors, that the entering into of this Agreement is in the best interests of J55 and the unanimous recommendation of the J55 Board to J55 Shareholders that they vote in favour of the J55 Resolutions;

“J55 Charitable Options” means the outstanding options granted to the Canucks for Kids Fund as further described in the J55 Disclosure Letter;

“J55 Circular” means the notice of the J55 Meeting to be sent to the J55 Shareholders in connection with the J55 Meeting and the accompanying management information circular,

including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, as amended, supplemented or otherwise modified from time to time;

“J55 Data Room” means the electronic data room established by J55 and GameCo in connection with the transactions contemplated by this Agreement as such electronic data room existed as of 5:00 p.m. (Toronto time) on May 29, 2019;

“J55 Disclosure Letter” means the disclosure letter executed by J55 and delivered to Enthusiast on the date hereof in connection with the execution of this Agreement;

“J55 Financial Statements” has the meaning ascribed thereto in paragraph (10) of Schedule D;

“J55 Meeting” means the annual and special meeting of J55 Shareholders, including any adjournment or postponement of such annual and special meeting in accordance with the terms of this Agreement, to be called and held to consider the J55 Resolutions and for any other purpose as may be set out in the J55 Circular and agreed to in writing by the Parties;

“J55 Options” means the outstanding options to purchase J55 Shares granted under or otherwise subject to the J55 Stock Option Plan;

“J55 Public Disclosure Record” means all documents and information filed by J55 under applicable Securities Laws on the System for Electronic Document Analysis Retrieval (SEDAR) since September 25, 2018;

“J55 Resolutions” means (i) an ordinary resolution of the disinterested J55 Shareholders approving the RTO and ancillary matters related thereto, (ii) an ordinary resolution of the J55 Shareholders approving the issuance of the Consideration Shares (including the Underlying Shares), and (iii) an ordinary resolution of the J55 Shareholders electing directors to the J55 Board, each to be considered at the J55 Meeting;

“J55 Shareholder Approval” means the requisite approval of the J55 Resolutions by J55 Shareholders present in person or represented by proxy at the J55 Meeting;

“J55 Shareholders” means the holders of J55 Shares;

“J55 Shares” means the common shares in the capital of J55 as currently constituted and that are currently listed and posted for trading on the TSXV under the symbol “FIVE”;

“J55 Significant Shareholder” means Roberto Aquilini;

“J55 Stock Option Plan” means the stock option plan of J55, as amended from time to time;

“J55 Supporting Shareholders” means (i) all of the directors and senior officers of J55 that hold J55 Shares, and (ii) the J55 Significant Shareholder;

“J55 Warrants” means the common share purchase warrants of J55;

“Law” or “Laws” means, with respect to any Person, any and all applicable laws (statutory, common or otherwise), statute, constitution, treaty, convention, ordinance, code, rule,

regulation, by-laws, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applicable by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property, assets or securities, the terms and conditions of any Authorization and to the extent they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“Liens” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances, encroachments, options, adverse rights or claims or other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“Luminosity SPA” means the share purchase agreement dated February 14, 2019 among Steve Maida, GameCo, Luminosity Gaming (USA) LLC and Luminosity Gaming Inc.;

“Matching Period” has the meaning ascribed thereto in Section 7.4(1)(d);

“Material Adverse Effect” means any change, event, occurrence, effect or circumstance that has a material adverse effect on the business, financial condition or results of operations of Enthusiast and its subsidiaries, taken as a whole, or J55 and the Proposed Subsidiaries, taken as a whole, as applicable, but excluding any change, event, occurrence, effect or circumstance arising out of, relating directly or indirectly to, resulting directly or indirectly from or attributable to:

- (a) any change, development or condition generally affecting the industries, businesses or segments thereof, in which Enthusiast and its subsidiaries operate;
- (b) any change, development or condition in or relating to global, national or regional political conditions (including strikes, lockouts, riots or facility takeover for emergency purposes) or in general economic, business, banking, regulatory, currency exchange, interest rate, rates of inflation or market conditions or in national or global financial or capital markets;
- (c) any change, development or condition resulting from any act of sabotage, espionage, hacking, cyberattack or terrorism or any outbreak of hostilities or declared or undeclared war, or any escalation or worsening of such acts of sabotage, terrorism, hostilities or war;
- (d) any adoption, proposal, implementation or change in Law or in any interpretation, application or non-application of any Laws by any Governmental Entity;
- (e) any change in applicable generally accepted accounting principles, including IFRS;
- (f) any earthquake or other natural disaster or outbreaks of illness;

- (g) any action taken (or omitted to be taken) by Enthusiast or any of its subsidiaries or J55 or any of the Proposed Subsidiaries, as applicable, which is required to be taken (or omitted to be taken) pursuant to this Agreement or that is requested or consented to by J55 or Enthusiast, as applicable, in writing;
- (h) any matter which has been disclosed by Enthusiast in the Enthusiast Disclosure Letter or in the Enthusiast Public Disclosure Record prior to the date hereof or any matter which has been disclosed by J55 in the J55 Disclosure Letter;
- (i) the failure of Enthusiast to meet any internal, published or public projections, forecasts, guidance or estimates, including without limitation of production, revenues, earnings or cash flows (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);
- (j) the execution, announcement, pendency or performance of this Agreement or consummation of the Arrangement including (i) any steps taken pursuant to Section 5.4 and (ii) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Enthusiast or any of its subsidiaries or J55 or any of the Proposed Subsidiaries, as applicable, with any of its current or prospective employees, lenders, shareholders, suppliers or other business partners; or
- (k) any change in the market price or trading volume of any securities of Enthusiast (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred);

provided, however, (i) if an effect referred to in clauses (a) through to and including (f) above, materially and disproportionately adversely affects Enthusiast and its subsidiaries, taken as a whole, or J55 and its Proposed Subsidiaries, taken as a whole, as the case may be, relative to other comparable companies and entities operating in the industries and businesses in which Enthusiast and its subsidiaries or J55 and its Proposed Subsidiaries, taken as a whole, as the case may be, operate, such effect may be taken into account in determining whether a Material Adverse Effect has occurred, but only to the extent of the disproportionate effect; and (ii) references in certain Sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a “Material Adverse Effect” has occurred.

“Material Contract” means, in respect of a Party and its subsidiaries, any Contract:

- (a) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Party;
- (b) under which such Party or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course of business endorsements for collection) in excess of \$1,000,000 in the aggregate;

- (c) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, in excess of \$1,000,000;
- (d) under which such Party or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$1,000,000 over the remaining term of the Contract;
- (e) that is a lease, sublease, license or right of way or occupancy agreement for real property which has a value in excess of \$20,000 and that is material to the business or to an operation of such Party and its subsidiaries, on a consolidated basis;
- (f) that limits or restricts such Party or any of its affiliates from engaging in any line of business or in any geographic area;
- (g) that provides for the establishment of, investment in or formation of any partnership or joint venture with an arms' length Person;
- (h) relating to the disposition or acquisition by such Party or any of its subsidiaries after the date of this Agreement of material assets or an ownership interest in a material business or pursuant to which such Party or any of its subsidiaries has any material ownership or participation interest in any other Person or other business enterprise;
- (i) that is a material Contract with any Governmental Entity or a Contract with any first nation or aboriginal group or other organizations with authority to represent such groups;
- (j) which is a collective bargaining or union agreement or any other material Contract with any labour union; or
- (k) that restricts such Party from paying dividends or other distributions to its shareholders.

"material change", "material fact" and "Misrepresentation" have the meanings ascribed thereto in the Securities Act;

"MD&A" means management's discussion and analysis;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"Money Laundering Laws" has the meaning ascribed thereto in paragraph 6(18)(c) of Schedule C;

"OBCA" means the *Business Corporations Act* (Ontario);

"ordinary course of business" or any similar reference means, with respect to any action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person;

"Outside Date" means October 30, 2019, or such later date as may be agreed to in writing by the Parties;

“Parties” means J55 and Enthusiast, and **“Party”** means either of them;

“Permitted Liens” means, as of any particular time and in respect of any Person, each of the following Liens:

- (a) Liens for Taxes which are not delinquent or that are being contested in good faith and that have been adequately reserved on a Party’s financial statements;
- (b) Liens of contractors, subcontractors, mechanics, materialmen, carriers, workmen, suppliers, warehousemen, repairmen and similar Liens granted or which arise in the ordinary course a Party’s business;
- (c) Liens arising under or in connection with zoning, building codes and other land use Laws regarding the use or occupancy of such real property or the activities conducted thereon which are imposed by any Governmental Entity;
- (d) The right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, license, franchise, grant, Authorization or permit of a Party or any of its subsidiaries, to terminate any such lease, license, franchise, grant, Authorization or permit, or to require annual or other payments as a condition of their continuance;
- (e) easements, rights-of-way, encroachments, restrictions, covenants, conditions and other similar matters that, individually or in the aggregate, do not materially and adversely impact a Party’s and its subsidiaries’ current or contemplated use, occupancy, utility or value of the applicable real property;
- (f) Liens listed in Section 1.1 of the Enthusiast Disclosure Letter; and
- (g) Liens granted to Steve Maida pursuant to the Luminosity SPA.

which the real property is located but which are granted by or prescribed by Law and have been complied with in all material respects which do not individually or in the aggregate materially and adversely impair the current use and operation of the real property; (l) such defects, imperfections or irregularities of title or Liens including, by way of example, encroachments and other matters which would be revealed by an up-to-date survey as do not individually or in the aggregate materially and adversely impair the current use and operation of the real property; (m) agreements with any municipal, provincial or federal governments or authorities and any public utilities or private parties pertaining to the use development, redevelopment and/or operation of the real property and any security granted in connection therewith; (n) standard statutory limitations conditions and exceptions to title and any rights reserved or vested in any Person by any original patent or grant or any statutory provision provided that they have been complied with and do not individually or in the aggregate materially and adversely impair the current use and operation thereof assuming its continued use in the manner in which it is currently used; and (o) Liens disclosed in Section 1.1 of the Enthusiast Disclosure Letter or Section 1.1 of the J55 Disclosure Letter, as applicable;

“Person” includes an individual, partnership, association, company, corporation, body corporate, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“Plan of Arrangement” means the plan of arrangement of Enthusiast, substantially in the form and on the terms set out in Schedule A hereto, and any amendments or variations thereto made in accordance with Section 9.1 hereof, the Plan of Arrangement or upon direction of the Court with the consent of the Parties, each acting reasonably;

“PPSA” means the *Personal Property Security Act* (Ontario) and to the extent applicable based on the location of the personal property and the application of applicable conflicts rules any other applicable federal, provincial or territorial statute pertaining to the granting perfecting priority or ranking of security interests liens or hypothecs on personal property including the Civil Code Quebec and any successor statutes together with any regulations thereunder in each case as in effect from time to time;

“Pre-Acquisition Reorganization” has the meaning ascribed thereto in Section 5.5(1);

“Proposed Acquisitions” means, prior to the completion of the RTO, the completion by GameCo of (i) the acquisition of a 25% economic interest in the Vancouver Titans from the current owner of the franchise pursuant to the Term Sheet; and (ii) the purchase of all the issued and outstanding common shares of Luminosity Gaming Inc. and membership interests of Luminosity Gaming (USA) LLC pursuant to the Luminosity SPA;

“Proposed Subsidiaries” means GameCo, Luminosity Gaming Inc. and Luminosity Gaming (USA), LLC;

“Regulatory Approvals” means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case, required or advisable under Laws in connection with the Arrangement;

“Replacement Option” means an option or right to purchase J55 Shares granted by J55 in replacement of Enthusiast Options on the basis set forth in the Plan of Arrangement;

“Representatives” means, collectively, in respect of a Person, its subsidiaries and its affiliates and its and their officers, directors, employees, consultants, advisors, agents or other representatives (including financial, legal or other advisors);

“RTO” means the reverse take-over to be completed between GameCo and J55 prior to the consummation of the transactions contemplated herein and as set forth in the Amalgamation Agreement;

“SEC” means the United States Securities and Exchange Commission;

“Securities Act” means the *Securities Act* (Ontario);

“Securities Authorities” means the applicable securities commissions or other securities regulatory authorities in each of the provinces of Canada;

“Securities Laws” means the Securities Act, together with all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

“Statutory Plans” means statutory benefit plans which a Party or any of its subsidiaries is required to participate in or comply with or in respect of which any of them has an actual or potential liability, including the Canada Pension Plan and Quebec Pension Plan and plans administered pursuant to applicable health, tax, workplace safety insurance and employment insurance legislation;

“subsidiary” means, in respect of a Party, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such Party and shall include any body corporate, partnership, joint venture or other entity over which such Party exercises direction or control or which is in a like relation to a subsidiary;

“Subsidiary Transaction Documents” means, (i) the Amalgamation Agreement and the ancillary documents related thereto, (ii) the Luminosity SPA and the ancillary documents related thereto; and (iii) the Term Sheet;

“Superior Proposal” means any unsolicited *bona fide* Acquisition Proposal: (i) to acquire not less than 100% of the outstanding Enthusiast Shares or all or substantially all of the assets of Enthusiast on a consolidated basis; (ii) that is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal; (iii) in respect of which it has been demonstrated to the satisfaction of the Enthusiast Board that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal; (iv) that is not subject to a due diligence condition; and (v) in respect of which the Enthusiast Board determines, in its good faith judgment, after receiving the advice of its financial advisor, that it would, if consummated in accordance with its terms, result in a transaction which is more favourable, from a financial point of view, to the Enthusiast Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by J55 pursuant to Section 7.4(2)).

“Superior Proposal Notice” has the meaning ascribed thereto in Section 7.4(1)(b);

“Tax Act” means the *Income Tax Act* (Canada);

“Tax Returns” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes;

“Taxes” means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect

thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits, taxes (including national, federal, provincial, state and territorial income taxes), payroll and employee withholding taxes, employment and unemployment taxes and insurance, disability taxes, social insurance taxes, sales and use taxes, *ad valorem* taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, government pension plan premiums or contributions and other charges from Governmental Entities, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person's Taxes as a transferee or successor, by contract or otherwise;

"Term Sheet" means the form of term sheet to be entered into by and between GameCo, AIG eSports LP, AIG eSports Canada Ltd., AIG eSports USA Inc., The Overwatch League B.V. and The Overwatch League, LLC in respect of GameCo's acquisition of a 25% economic interest in the Vancouver Titans, which has been provided to Enthusiast;

"TSX" means the Toronto Stock Exchange;

"TSXV" means the TSX Venture Exchange;

"Unauthorized Code" has the meaning ascribed thereto in Section 6(21) of Schedule C .

"Underlying Shares" means the J55 Shares issuable to holders of Replacement Options, Enthusiast Convertible Debentures and Enthusiast Warrants, as applicable, on conversion, redemption or exercise of such Replacement Options, Enthusiast Convertible Debentures and Enthusiast Warrants, as applicable, in accordance with their respective terms;

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Colombia;

"U.S. Exchange Act" means the *United States Securities Exchange Act of 1934*, as amended;

"U.S. Securities Act" means the *United States Securities Act of 1933*, as amended;

"U.S. Securities Laws" means federal and state securities legislation of the United States, including but not limited to the U.S. Exchange Act and the U.S. Securities Act;

"Voting and Support Agreements" means (i) the voting and support agreements dated the date hereof among J55 and the Enthusiast Supporting Shareholders, and (ii) the voting and

support agreements dated the date hereof among Enthusiast and the J55 Supporting Shareholders; and

“**wilful breach**” of any representation, warranty or covenant of a Party means that, as applicable, a senior officer of the Party (a) had actual knowledge that a representation or warranty of the Party to which he or she served as a senior officer was materially false when made or (b) as to a covenant herein, directed or allowed the applicable Party to take an action, fail to take an action or permit an action to be taken or occur that he or she knew at such time constituted a material breach of a covenant herein by such Party.

Section 1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

Section 1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

Section 1.4 Date for Any Action

If the date on or by which any action is required or permitted to be taken hereunder by a Party is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

Section 1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

Section 1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

Section 1.7 Knowledge

- (1) In this Agreement, references to “the knowledge of Enthusiast” means the actual collective knowledge, following due inquiry, of Menashe Kestenbaum, Gadi Levin and Eric Bernofsky.
- (2) In this Agreement, references to “the knowledge of J55” means the actual collective knowledge, following due inquiry, of Francesco Aquilini, Adrian Montgomery and John Veltheer.

Section 1.8 Subsidiaries

To the extent any covenants or agreements relate, directly or indirectly, to a subsidiary of either Party, each such provision shall be construed as a covenant of the applicable Party to cause (to the fullest extent to which it is legally capable) such subsidiary to perform the required action.

Section 1.9 Statutes

Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

Section 1.10 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule A – Form of Plan of Arrangement
- Schedule B – Form of Enthusiast Arrangement Resolution
- Schedule C – Representations and Warranties of Enthusiast
- Schedule D – Representations and Warranties of J55
- Schedule E – Governance Matters

ARTICLE 2 THE ARRANGEMENT

Section 2.1 The Arrangement

The Parties agree that the Arrangement shall be implemented in accordance with the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

- (1) As soon as reasonably practicable after the date of this Agreement, but in any event at a time so as to permit the Enthusiast Meeting to be held on or before the date specified in Section 2.3(1), Enthusiast shall apply to the Court in a manner acceptable to Enthusiast, acting reasonably, pursuant to the OBCA and in cooperation with J55, prepare, file and diligently pursue an application for the Interim Order which shall provide, among other things:
 - (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Enthusiast Meeting and the manner in which such notice is to be provided;
 - (b) confirmation of the record date for the purposes of determining the Enthusiast Shareholders entitled to receive notice of and vote at the Enthusiast Meeting;

- (c) that the requisite approval for the Enthusiast Arrangement Resolution shall be (i) 66⅔% of the votes cast on the Enthusiast Arrangement Resolution by Enthusiast Shareholders present in person or represented by proxy and entitled to vote at the Enthusiast Meeting; and (ii) if applicable, a majority of the votes cast on the Enthusiast Arrangement Resolution by Enthusiast Shareholders present in person or represented by proxy and entitled to vote at the Enthusiast Meeting excluding votes attached to Enthusiast Shares held by Persons described in items (a) through (d) of section 8.1(2) of MI 61-101 ("**Enthusiast Shareholder Approval**");
 - (d) that in all other respects, the terms, conditions and restrictions of Enthusiast's constating documents, including quorum requirements and other matters, shall apply in respect of the Enthusiast Meeting;
 - (e) for the grant of the Dissent Rights to registered holders of Enthusiast Shares which Dissent Rights shall provide for an Enthusiast Shareholder's written objection to the Enthusiast Arrangement Resolution to be received by Enthusiast at least two days before the Enthusiast Meeting;
 - (f) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (g) that the Enthusiast Meeting may be adjourned or postponed from time to time by Enthusiast in accordance with the terms of this Agreement without the need for additional approval of the Court;
 - (h) that the record date for Enthusiast Shareholders entitled to notice of and to vote at the Enthusiast Meeting will not change in respect or as a consequence of any adjournment(s) or postponement(s) of the Enthusiast Meeting; and
 - (i) for such other matters as the Parties may reasonably require, subject to obtaining the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.
- (2) In seeking the Interim Order, Enthusiast shall advise the Court that it is J55's intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares and Replacement Options pursuant to the Arrangement and that, in connection therewith, the Court will be required to approve the substantive and procedural fairness of the terms and conditions of the Arrangement to each Person to whom the Consideration Shares and Replacement Options will be issued. Each Person to whom Consideration Shares and Replacement Options will be issued on completion of the Arrangement will be given adequate notice advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right.

Section 2.3 Enthusiast Meeting

- (1) Enthusiast shall consult with J55 and set the record date for Enthusiast Shareholders entitled to vote at the Enthusiast Meeting as promptly as practicable, shall convene and conduct the Enthusiast Meeting in accordance with the Interim Order, Enthusiast's constating documents and Law as soon as reasonably practicable, shall coordinate with J55 and use its commercially reasonable efforts to schedule the Enthusiast Meeting on the same day as the J55 Meeting, and shall not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Enthusiast Meeting without the prior written consent of J55, except:

 - (a) as required for quorum purposes; or
 - (b) as required or permitted under Section 6.5 or Section 7.4(4).
- (2) Subject to the Enthusiast Board making an Enthusiast Change in Recommendation, Enthusiast shall use commercially reasonable efforts to solicit proxies of Enthusiast Shareholders in favour of the approval of the Enthusiast Arrangement Resolution, including, at Enthusiast's discretion or if so requested by J55, using the services of a proxy solicitation services firm to solicit proxies in favour of the Enthusiast Arrangement Resolution. Enthusiast shall provide J55 with copies of or access to information regarding the Enthusiast Meeting generated by any transfer agent or proxy solicitation services firm, as reasonably requested in writing from time to time by J55. Enthusiast shall instruct Enthusiast's transfer agent to report to J55 and its designated Representatives on a daily basis on each of the last ten (10) Business Days prior to the Enthusiast Meeting as to the aggregate tally of the proxies received by Enthusiast in respect of the Enthusiast Arrangement Resolution.
- (3) Except for non-substantive communications, Enthusiast shall promptly advise J55 of any written communication from any Enthusiast Shareholder or other Person in opposition to the Arrangement, written notice of dissent or purported exercise by any Enthusiast Shareholder of Dissent Rights received by Enthusiast in relation to the Enthusiast Arrangement Resolution and any withdrawal of Dissent Rights received by Enthusiast, and any written communications sent by or on behalf of Enthusiast to any Enthusiast Shareholder exercising or purporting to exercise Dissent Rights in relation to the Enthusiast Arrangement Resolution.
- (4) Enthusiast shall not make any payment or settlement offer, or agree to any payment or settlement with respect to Dissent Rights without the prior written consent of J55.
- (5) Enthusiast shall give notice to J55 of the Enthusiast Meeting and allow Representatives of J55 to attend the Enthusiast Meeting.
- (6) Enthusiast shall not change the record date for the Enthusiast Shareholders entitled to vote at the Enthusiast Meeting in connection with any adjournment or postponement of the Enthusiast Meeting, unless required by Law or the Court.

- (7) Enthusiast, at the request of J55 from time to time, shall provide J55 with a list (in both written and electronic form) of (i) the Enthusiast Shareholders, together with their addresses and respective holdings of Enthusiast Shares, (ii) the names, addresses and holdings of all Persons having rights issued by Enthusiast to acquire Enthusiast Shares (including holders of Enthusiast Options, Enthusiast Convertible Debentures and Enthusiast Warrants), and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Enthusiast Shares, together with their addresses and respective holdings of Enthusiast Shares. Enthusiast shall from time to time require that its registrar and transfer agent furnish J55 with such additional information, including updated or additional lists of Enthusiast Shareholders, and lists of securities positions and other assistance as J55 may reasonably request in order to be able to communicate with respect to the Arrangement with the Enthusiast Shareholders and with such other Persons as are entitled to vote on the Enthusiast Arrangement Resolution.

Section 2.4 J55 Meeting

- (1) J55 shall set the record date for J55 Shareholders entitled to vote at the J55 Meeting as promptly as practicable using its commercially reasonable efforts to set such record date as the same date as the record date for the Enthusiast Meeting, shall convene and conduct the J55 Meeting in accordance with J55's constating documents and Law, shall use its commercially reasonable efforts to schedule the J55 Meeting on the same day as the Enthusiast Meeting, and shall not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the J55 Meeting without the prior written consent of Enthusiast, except:
- (a) as required for quorum purposes; or
 - (b) as required or permitted under Section 6.5 or Section 7.4(4).
- (2) J55 shall use commercially reasonable efforts to solicit proxies of J55 Shareholders in favour of the approval of the J55 Resolutions, including, at J55's discretion or if so requested by Enthusiast, using the services of a proxy solicitation service firm to solicit proxies in favour of the approval of the J55 Resolutions. J55 shall provide Enthusiast with copies of or access to information regarding the J55 Meeting generated by any transfer agent or proxy solicitation services firm, as reasonably requested in writing from time to time by Enthusiast. J55 shall instruct J55's transfer agent to report to Enthusiast and its designated Representatives on a daily basis on each of the last ten (10) Business Days prior to the J55 Meeting as to the aggregate tally of the proxies received by J55 in respect of the J55 Resolutions.
- (3) Except for non-substantive communications, J55 shall promptly advise Enthusiast of any written communication from any J55 Shareholder or other Person in opposition to the J55 Resolutions.
- (4) J55 shall give notice to Enthusiast of the J55 Meeting and allow Representatives of Enthusiast to attend the J55 Meeting.

- (5) J55 shall not change the record date for the J55 Shareholders entitled to vote at the J55 Meeting in connection with any adjournment or postpone of the J55 Meeting, unless required by Law.
- (6) Unless otherwise agreed to in writing by Enthusiast or this Agreement is terminated in accordance with its terms or except as required by Law or by a Governmental Entity, J55 shall continue to take all steps necessary to hold the J55 Meeting and to cause the J55 Resolutions to be voted on at such meeting and shall not propose to adjourn or postpone such meeting other than as contemplated by Section 2.4(1).
- (7) J55, at the request of Enthusiast from time to time, shall provide Enthusiast with a list (in both written and electronic form) of (i) the J55 Shareholders, together with their addresses and respective holdings of J55 Shares, (ii) the names, addresses and holdings of all Persons having rights issued by J55 to acquire J55 Shares (including holders of any securities of J55 including options or other securities convertible or exercisable into J55 Shares), and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of J55 Shares, together with their addresses and respective holdings of J55 Shares. J55 shall from time to time require that its registrar and transfer agent furnish Enthusiast with such additional information, including updated or additional lists of J55 Shareholders, and lists of securities positions and other assistance as Enthusiast may reasonably request in order to be able to communicate with respect to the Arrangement with the J55 Shareholders and with such other Persons as are entitled to vote on the J55 Resolutions.

Section 2.5 Enthusiast Circular

- (1) Enthusiast shall as promptly as practicable prepare and complete, in consultation with J55, the Enthusiast Circular together with any other documents required by Law in connection with the Enthusiast Meeting and (subject to J55's compliance with Section 2.5(3)) cause the Enthusiast Circular and such other documents to be filed and sent to each Enthusiast Shareholder and any other Person as required by the Interim Order or Law, in each case so as to permit the Enthusiast Meeting to be held by the date specified in Section 2.3(1).
- (2) Enthusiast shall ensure that the Enthusiast Circular complies in all material respects with the Interim Order and Law, and, without limiting the generality of the foregoing, that the Enthusiast Circular does not contain any Misrepresentation (other than with respect to any information relating to and provided by J55 and GameCo including information related to the RTO, the Proposed Acquisitions and Proposed Subsidiaries) and provides Enthusiast Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Enthusiast Meeting. Without limiting the generality of the foregoing, the Enthusiast Circular shall include: (i) a copy of the Enthusiast Fairness Opinion; (ii) the Enthusiast Board Recommendation; and (iii) a statement that each of the Enthusiast Supporting Shareholders intends to vote all of such Person's Enthusiast Shares in favour of the Enthusiast Arrangement Resolution subject to the terms of the Voting and Support Agreements.

- (3) J55 and GameCo, as applicable, shall furnish to Enthusiast all such information regarding J55 and its affiliates, including information related to the RTO, the Proposed Acquisitions and Proposed Subsidiaries, as may be required by Law to be included in the Enthusiast Circular and other documents related thereto, including the information about J55 which is required under Item 14.2 of Form 51-102F5 of National Instrument 51-102 - *Continuous Disclosure Obligations*. J55 shall ensure that no such information will include any Misrepresentation.
- (4) Enthusiast shall give J55 and its legal counsel a reasonable opportunity to review and comment on the Enthusiast Circular and related documents, prior to the Enthusiast Circular being printed and mailed to Enthusiast Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by J55 and its counsel, provided that all information relating solely to J55 and its subsidiaries, including information related to the Proposed Acquisitions and Proposed Subsidiaries, included in the Enthusiast Circular shall be in form and content reasonably satisfactory to J55.
- (5) Enthusiast shall promptly notify J55 if at any time before the Effective Date, it becomes aware that the Enthusiast Circular contains a Misrepresentation or that it otherwise requires an amendment or supplement, and the Parties shall co-operate in the preparation of any amendment or supplement to the Enthusiast Circular, as required or appropriate, and Enthusiast shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Enthusiast Circular to Enthusiast Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

Section 2.6 J55 Circular

- (1) J55 shall as promptly as practicable prepare and complete, in consultation with Enthusiast, the J55 Circular together with any other documents required by Law in connection with the J55 Meeting and (subject to Enthusiast's compliance with Section 2.6(3)) cause the J55 Circular and such other documents to be filed and sent to each J55 Shareholder and any other Person as required by the Interim Order or Law, in each case so as to permit the J55 Meeting to be held by the date specified in Section 2.4(1).
- (2) J55 shall ensure that the J55 Circular complies in all material respects with the Interim Order and Law, and, without limiting the generality of the foregoing, that the J55 Circular does not contain any Misrepresentation (other than with respect to any information relating to and provided by Enthusiast or GameCo) and provides J55 Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the J55 Meeting. Without limiting the generality of the foregoing, the J55 Circular shall include: (i) the J55 Board Recommendation; and (ii) a statement that each of the J55 Supporting Shareholders (with the exception of J55 Supporting Shareholders who are excluded from voting on approval of the RTO pursuant to MI 61-101) intends to vote all of such Person's J55 Shares in favour of the J55 Resolutions subject to the terms of the Voting and Support Agreements.

- (3) Enthusiast shall furnish to J55 all such information regarding Enthusiast and its affiliates as may be required by Law to be included in the J55 Circular and other documents related thereto, including the information about Enthusiast which is required under Item 14.2 of Form 51-102F5 of National Instrument 51-102 - *Continuous Disclosure Obligations*. Enthusiast shall ensure that no such information will include any Misrepresentation.
- (4) J55 shall give Enthusiast and its legal counsel a reasonable opportunity to review and comment on the J55 Circular and related documents, prior to the J55 Circular being printed and mailed to J55 Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Enthusiast and its counsel, provided that all information relating solely to Enthusiast and its subsidiaries included in the J55 Circular shall be in form and content reasonably satisfactory to Enthusiast.
- (5) J55 shall promptly notify Enthusiast if at any time before the Effective Date, it becomes aware that the J55 Circular contains a Misrepresentation or that it otherwise requires an amendment or supplement, and the Parties shall co-operate in the preparation of any amendment or supplement to the J55 Circular, as required or appropriate, and J55 shall promptly mail or otherwise publicly disseminate any amendment or supplement to the J55 Circular to J55 Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

Section 2.7 Final Order

If (i) the Interim Order is obtained, (ii) the Enthusiast Arrangement Resolution is passed at the Enthusiast Meeting by Enthusiast Shareholders as provided for in the Interim Order and as required by Law and (iii) the J55 Resolutions are passed at the J55 Meeting by J55 Shareholders as required by Law, subject to the terms of this Agreement, Enthusiast shall as soon as reasonably practicable thereafter and in any event within three Business Days thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 182 of the OBCA on terms satisfactory to the Parties, each acting reasonably.

Section 2.8 Court Proceedings

Subject to the terms of this Agreement, Enthusiast shall, in cooperation with J55, diligently pursue the Interim Order and the Final Order and J55 shall cooperate with and assist Enthusiast in seeking the Interim Order and the Final Order, including by providing Enthusiast on a timely basis any information required to be supplied by J55 in connection therewith. Enthusiast shall provide J55's legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Enthusiast shall ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement. Enthusiast shall also provide J55's legal counsel on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Enthusiast or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, Enthusiast

shall not file any material with the Court in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except as contemplated hereby or with J55's prior written consent, such consent not to be unreasonably withheld or delayed; provided that nothing herein shall require J55 to agree or consent to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases J55's obligations or diminishes J55's rights set forth in this Agreement or in such materials. In addition, Enthusiast shall not object to legal counsel to J55 making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Enthusiast is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement. Enthusiast shall oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, J55.

Section 2.9 U.S. Securities Law Matters

The Parties agree that, to the extent U.S. Securities Laws apply, the Arrangement shall be carried out with the intention that all Consideration Shares and Replacement Options issued under the Arrangement, excluding any Underlying Shares, shall be issued by J55 in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act and to facilitate J55's compliance with other United States securities Laws, the Parties agree that the Arrangement shall be carried out on the following basis:

- (a) pursuant to Section 2.2(2), prior to the issuance of the Interim Order, the Court shall be advised as to the intention of J55 to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares and Replacement Options pursuant to the Arrangement, based on the Court's approval of the Arrangement;
- (b) prior to the issuance of the Interim Order, Enthusiast shall file with the Court a copy of the proposed text of the Enthusiast Circular together with any other documents required by Law in connection with the Enthusiast Meeting;
- (c) the Court shall be required to satisfy itself as to the substantive and procedural fairness of each of the Arrangement and the issuance of the Consideration Shares and Replacement Options pursuant to the Arrangement;
- (d) Enthusiast shall ensure that each Enthusiast Shareholder, holder of Enthusiast Options, holder of Enthusiast Warrants and holder of Enthusiast Convertible Debentures shall be given adequate and appropriate notice advising them of their right to attend the hearing of the Court for the Final Order to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;

- (e) all Persons entitled to receive Consideration Shares and Replacement Options pursuant to the Arrangement shall be advised that the Consideration Shares and Replacement Options issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and shall be issued by J55 in reliance on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and, in the case of affiliates of J55, shall be subject to certain restrictions on resale under the U.S. Securities Laws, including Rule 144 under the U.S. Securities Act;
- (f) holders of Enthusiast Options entitled to receive Replacement Options pursuant to the Arrangement will be advised that although the Replacement Options issued pursuant to the Arrangement will be issued by J55 in reliance on the exemption provided by Section 3(a)(10) under the U.S. Securities Act, such exemption does not exempt the issuance of the Underlying Shares, as applicable; therefore, the Underlying Shares issuable upon exercise of the Replacement Options cannot be issued in the United States or to a Person in the United States in reliance on the exemption under Section 3(a)(10) thereof and the Replacement Options may only be exercised pursuant to a then-available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws;
- (g) the Interim Order approving the Enthusiast Meeting shall specify that each Person entitled to receive Consideration Shares and Replacement Options pursuant to the Arrangement shall have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;
- (h) the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as fair and reasonable to all Persons entitled to receive J55 securities pursuant to the Arrangement;
- (i) the Final Order shall include a statement to substantially the following effect:

“This Order shall serve as the basis for reliance on the exemption provided by Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the distribution of common shares, options and warrants of J55 pursuant to the Plan of Arrangement.”; and
- (j) the Court shall hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order.

Section 2.10 Articles of Arrangement and Effective Date

- (1) The Parties shall amend the Plan of Arrangement at any time and from time to time prior to the Effective Date, at the reasonable request of any Party, provided that no such amendment (i) is inconsistent with the Interim Order, the Final Order or this Agreement, (ii) is prejudicial to Enthusiast or the Enthusiast Shareholders in any respect, (iii) is prejudicial to J55 or the J55 Shareholders in any respect or (iv) creates a reasonable risk

of delaying, impairing or impeding in any material respect the satisfaction of any conditions set forth in Article 6.

- (2) Enthusiast shall send the Articles of Arrangement to the Director within three Business Days of the satisfaction or, where not prohibited, the waiver by the applicable Party in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, waiver of those conditions as of the Effective Date by the applicable Party for whose benefit such conditions exist), unless another time or date is agreed to in writing by the Parties provided that Enthusiast shall not be required to send the Articles of Arrangement to the Director unless Enthusiast has received written confirmation, in a form satisfactory to it, acting reasonably, from the Depositary that it has received the consideration referred to in Section 2.11.
- (3) The closing of the Arrangement will take place at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9, or at such other location as may be agreed upon by the Parties.

Section 2.11 Payment of Consideration

J55 shall, following receipt of the Final Order and prior to the Effective Time, deliver or cause to be delivered to the Depositary in escrow pending the Effective Time, sufficient J55 Shares (and any treasury directions addressed to J55's transfer agent as may be necessary) to satisfy the aggregate Consideration to be paid to Enthusiast Shareholders (other than dissenting Enthusiast Shareholders) under the Arrangement.

Section 2.12 No Fractional Shares

In no event shall any holder of Enthusiast Shares be entitled to a fractional J55 Share. Where the aggregate number of J55 Shares to be issued to a person as consideration under or as a result of the Arrangement would result in a fraction of a J55 Share being issuable, the number of J55 Shares to be received by such securityholder shall be rounded down to the nearest whole J55 Share and no person will be entitled to any compensation in respect of a fractional J55 Share.

Section 2.13 Announcement and Shareholder Communications

The Parties shall issue a joint press release with respect to this Agreement and the Arrangement promptly following the execution of this Agreement, the text of such announcement to be in the form approved by each of the Parties in advance, acting reasonably and without delay. Each Party shall consult with the other Party prior to issuing any other press releases or otherwise making public written statements with respect to the Arrangement or this Agreement and shall provide the other Party with a reasonable opportunity to review and comment on all such press releases or public written statements prior to the release thereof. The Parties agree to co-operate in the preparation of presentations, if any, to Enthusiast Shareholders or J55 Shareholders regarding the Plan of Arrangement; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under Law or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and

a reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

Section 2.14 Withholding Taxes

J55, Enthusiast and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder or under the Plan of Arrangement and from all dividends or other distributions or other payments otherwise payable to any former securityholders of Enthusiast such amounts as J55, Enthusiast and the Depositary may be permitted or required to deduct and withhold therefrom under any provision of Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

Section 2.15 Adjustment of Consideration

Notwithstanding anything to the contrary contained in this Agreement, if, (a) between the date of this Agreement and the Effective Time, the issued and outstanding Enthusiast Shares or the issued and outstanding J55 Shares shall have been changed into a different number of shares or a different class by reason of any stock split, reverse stock split, stock dividend, reclassification, redenomination or the like, or (b) at the Effective Time, Enthusiast's representation and warranties in paragraph 6(5) of Schedule C (*Capitalization of Enthusiast*) or J55's representations and warranties in paragraph (5) of Schedule D (*Capitalization of J55*) are not true in any non-*de minimis* respect relating to the number of fully diluted shares outstanding, then the Consideration to be paid per Enthusiast Share, the Exchange Ratio and any other dependent items (i) shall be appropriately adjusted, in the case of (a) above, to provide to each Party and their respective shareholders the same economic effect as contemplated by this Agreement and the Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Consideration to be paid per Enthusiast Share, the Exchange Ratio or other dependent item, subject to further adjustment in accordance with this sentence, and/or (ii) shall be appropriately adjusted, in the case of (b) above, to provide to each Party and their respective shareholders the same economic effect as contemplated by this Agreement and the Arrangement assuming such representations and warranties are true and correct in all such respects as written and as so adjusted shall be the Consideration to be paid per Enthusiast Share, the Exchange Ratio or other dependent item, subject to further adjustment in accordance with this sentence.

Section 2.16 Governance Matters

J55 shall take all necessary actions to ensure that concurrent with the completion of the Arrangement the J55 Board and the senior management team of J55 shall be as set out in Schedule E.

Section 2.17 Guarantee

GameCo hereby unconditionally and irrevocably guarantees in favour of Enthusiast the due and punctual performance by J55 of each and every of J55's covenants, obligations and

undertakings hereunder, which guarantee will remain in force until all such covenants, obligations and undertakings have been satisfied in full and agrees to be jointly and severally liable with J55 for the truth, accuracy and completeness of all of J55's representations and warranties hereunder. GameCo hereby agrees that its guarantee is continuing in nature and full and unconditional, and no release or extinguishments of J55's liabilities (other than in accordance with the terms of this Agreement), whether by decree in any bankruptcy proceeding or otherwise, will affect the continuing validity and enforceability of GameCo's guarantee. GameCo hereby agrees that Enthusiast shall not have to proceed first against J55 in respect of any such matter before exercising its rights under this guarantee against GameCo and GameCo agrees to be jointly and severally liable with J55 for all guaranteed obligations as if it were the principal obligor of such obligations. GameCo acknowledges that Enthusiast is relying on this Section 2.17 in entering into this Agreement.

Section 2.18 Employment Matters

From and after the Effective Time, J55 shall honour and comply with, or cause Enthusiast or any successor to Enthusiast to honour and comply with, all of the obligations to the employees of Enthusiast and its subsidiaries under the employment and other Contracts and benefit plans with current and former employees of Enthusiast, including, without limitation, by paying to the individuals party to such agreements, in each case, any applicable amount owing; provided that no provision in this Section 2.18 shall give any employee any right to continued employment or impair in any way the right of Enthusiast or J55 to terminate the employment of any employee in accordance with any Contract as may be applicable. J55 acknowledges that Enthusiast may facilitate as necessary the acceleration of vesting of any unvested Enthusiast Options and/or Enthusiast Warrants as may be necessary or desirable to allow the optionholders and/or warrantholders of Enthusiast to exercise their Enthusiast Options and/or Enthusiast Warrants for any purpose including participating in the Arrangement as shareholders of Enthusiast.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF ENTHUSIAST

Section 3.1 Representations and Warranties

- (1) Except as disclosed in the Enthusiast Public Disclosure Record (excluding any disclosures set forth in any section of a document in the Enthusiast Public Disclosure Record entitled "Risk Factors" or "Forward-Looking Statements" or any other disclosures included in such filings to the extent that they are forward-looking in nature) or in the Enthusiast Disclosure Letter (it being understood that disclosure of any item in the Enthusiast Disclosure Letter shall constitute disclosure for the purposes of any of the representations and warranties Enthusiast contained in this Agreement where the relevance of that item is reasonably apparent on its face), Enthusiast hereby represents and warrants to and in favour of J55 as set forth in Schedule C, and acknowledges that J55 is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Except for the representations and warranties set forth in this Agreement, neither Enthusiast nor any other Person has made or makes any other express or implied

representation or warranty, either written or oral, on behalf of Enthusiast. Any investigation by J55 or its Representatives shall not mitigate, diminish or affect the representations and warranties of Enthusiast pursuant to this Agreement.

- (3) The representations and warranties of Enthusiast contained in this Agreement shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms, provided, however, that no such termination will affect a Party's rights or obligations arising out of a wilful breach of any representation or warranty hereunder.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF J55 AND GAMECO

Section 4.1 Representations and Warranties of J55

- (1) Except as disclosed in the J55 Public Disclosure Record (excluding any disclosures set forth in any section of a document in the J55 Public Disclosure Record entitled "Risk Factors" or "Forward-Looking Statements" or any other disclosures included in such filings to the extent that they are forward-looking in nature) or in the J55 Disclosure Letter (it being understood that disclosure of any item in the J55 Disclosure Letter shall constitute disclosure for the purposes of any of the representations and warranties of J55 contained in this Agreement where the relevance of that item is reasonably apparent on its face), J55 hereby represents and warrants to and in favour of Enthusiast as set forth in Schedule D, and acknowledges that Enthusiast is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Subject to Section 5.8 and except for the representations and warranties set forth in this Agreement, neither J55 nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of J55. Any investigation by Enthusiast or its Representatives shall not mitigate, diminish or affect the representations and warranties of J55 pursuant to this Agreement.
- (3) The representations and warranties of J55 contained in this Agreement shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms, provided, however, that no such termination will affect a Party's rights or obligations arising out of a wilful breach of any representation or warranty hereunder.

Section 4.2 Representations and Warranties of GameCo

- (1) GameCo hereby represents and warrants to and in favour of Enthusiast that as of the date of this Agreement, GameCo is not aware of any of the representations and warranties made by Luminosity to GameCo and/or GameCo to Luminosity in the Luminosity SPA being materially untrue or incorrect (other than representations and warranties that were made as of a specific date).
- (2) GameCo shall notify Enthusiast immediately if it becomes aware that any of the representations and warranties made by Luminosity to GameCo and/or GameCo to

Luminosity in the Luminosity SPA are materially untrue or incorrect (other than representations and warranties that were made as of a specific date).

ARTICLE 5 COVENANTS OF THE PARTIES

Section 5.1 Covenants of Enthusiast Regarding the Conduct of Business

- (1) Enthusiast covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by this Agreement or as otherwise expressly contemplated by this Agreement or disclosed in Section 5.1 of the Enthusiast Disclosure Letter, or as required by Law or any Governmental Entity or as consented to by J55 in writing (which consent shall not be unreasonably withheld or delayed), Enthusiast shall, and shall cause each of its subsidiaries to conduct its business in the ordinary course of business, and use commercially reasonable efforts to maintain and preserve their business organization, assets, goodwill and business relationships and keep available the services of its respective officers and employees as a group.
- (2) Without limiting the generality of Section 5.1(1), Enthusiast covenants and agrees that, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by this Agreement or as otherwise expressly contemplated by this Agreement or disclosed in Section 5.1 of the Enthusiast Disclosure Letter, or as required by Law or any Governmental Entity, Enthusiast shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of J55 (such consent not to be unreasonably withheld or delayed):
 - (a) (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Enthusiast or any of its subsidiaries; (iii) except in relation to internal transactions solely involving Enthusiast and its wholly-owned subsidiaries or solely among such wholly-owned subsidiaries and except for the issuance of securities of Enthusiast pursuant to arrangement/lender fees related to a debt financing, employment or consulting agreements and/or existing equity incentive plans, issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares in the capital of Enthusiast or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Enthusiast or its subsidiaries; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Enthusiast or any of its subsidiaries; (v) unless otherwise set forth in this Agreement, amend the terms of any of its securities; (vi) reduce the stated capital of any of its securities; (vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Enthusiast or any of its subsidiaries; (viii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; (ix) (A) make or rescind any material Tax election, amend any Tax Return, settle or compromise any material liability for Taxes or change or revoke any of its

methods of Tax accounting, or (B) take any action with respect to the computation of Taxes or the preparation of Tax Returns that is in any material respect inconsistent with past practice; or (x) enter into any agreement with respect to any of the foregoing;

- (b) reorganize, amalgamate, consolidate or merge with any Person;
- (c) (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, in whole or in part, any asset with a transaction value in excess of \$1,000,000 (which for the avoidance of doubt, shall not be considered to include the disposal by Enthusiast or any subsidiary of obsolete assets or the sale by Enthusiast or any subsidiary of inventory in the ordinary course of business); (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital (other than to wholly-owned subsidiaries), property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights, other than (A) acquisitions in the ordinary course of business or (B) pursuant to a Contract in existence on the date hereof; (iii) other than in respect of a debt financing transaction for up to US\$5,000,000, incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iv) prepay any long-term indebtedness before its scheduled maturity; (v) waive, release, grant or transfer any rights of material value; or (vi) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (d) other than in the ordinary course of business, enter into or terminate any hedges, swaps or other financial instruments or like transaction;
- (e) other than as is necessary to comply with Law or any Contract or Employee Plan in effect as of the date hereof or disclosed in the Enthusiast Disclosure Letter (i) grant to any officer, employee, consultant or director of Enthusiast or any of its subsidiaries an increase in compensation in any form, or grant any general salary increase (which, for greater certainty, shall not restrict the normal course grants of incentive securities already scheduled for approval); (ii) make any loan to any officer, employee, consultant or director of Enthusiast or any of its subsidiaries; (iii) take any action with respect to the grant of, or amendment to, any severance, change of control, retention, bonus or termination pay to, or enter into, establish, amend or terminate any employment agreement, deferred compensation or other similar agreement with, or hire, or terminate employment (except for just cause or poor performance, and the backfill of those positions in the ordinary course of business) of, any officer, employee, consultant or director

of Enthusiast or any of its subsidiaries; (iv) increase any benefits payable under or materially amend any Employee Plan; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of Enthusiast or any of its subsidiaries; (vi) adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, retention, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of employees; or (viii) establish, adopt or amend any collective bargaining agreement or other agreement with a labour union;

- (f) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any action, claim or proceeding brought against Enthusiast and/or any of its subsidiaries in excess of \$500,000 (except where the action, claim or proceeding is insured and Enthusiast's contribution does not exceed its deductible); or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (g) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Enthusiast or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect Enthusiast or any of its affiliates from competing in any manner;
- (h) other than as is necessary to comply with Law or any Contract or Employee Plan in effect as of the date hereof or disclosed in the Enthusiast Disclosure Letter: (i) modify or amend in any material respect adverse to Enthusiast, transfer or terminate any Material Contract or waive, release or assign any material rights or claims thereto or thereunder; or (ii) enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- (i) take any action or knowingly fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorization necessary to conduct its businesses as now conducted or as proposed to be conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for any material Authorization;
- (j) declare, set aside or pay any dividends or other distribution (whether in cash, shares or property, or any combination thereof) on the Enthusiast Shares;
- (k) make or commit to make any material donation, gift or similar payment;
- (l) engage in any transaction with any related party (as defined under the Securities Act) other than in relation to employment matters not prohibited hereby; or
- (m) agree, resolve or commit to do any of the foregoing.

- (3) Enthusiast shall use commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Enthusiast or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 5.7, none of Enthusiast or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

Section 5.2 Covenants of J55 Regarding the Conduct of Business

- (1) J55 covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by this Agreement or as otherwise expressly contemplated by this Agreement or disclosed in Section 5.2 of the J55 Disclosure Letter, or as required by Law or any Governmental Entity or as consented to by Enthusiast in writing (which consent shall not be unreasonably withheld or delayed), J55 shall, and shall cause each of its subsidiaries and the Proposed Subsidiaries, to the greatest extent possible, to conduct their respective businesses in the ordinary course of business, and use commercially reasonable efforts to maintain and preserve their respective business organizations, assets, goodwill and business relationships and keep available the services of their respective officers and employees as a group.
- (2) Without limiting the generality of Section 5.2(1), J55 covenants and agrees that, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by this Agreement or as otherwise expressly contemplated by this Agreement or disclosed in Section 5.2 of the J55 Disclosure Letter, or as required by Law or any Governmental Entity, J55 shall not, nor shall it permit any of its subsidiaries or the Proposed Subsidiaries, to the greatest extent possible, to, directly or indirectly, without the prior written consent of Enthusiast (such consent not to be unreasonably withheld or delayed):
- (a) (i) other than in connection with the RTO, amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of J55, any of its subsidiaries or the Proposed Subsidiaries; (iii) other than in respect of the RTO and except in relation to internal transactions solely involving J55 and its wholly-owned subsidiaries or solely among such wholly-owned subsidiaries and except for the issuance of J55 Shares to settle and outstanding incentive awards, issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares in the capital of J55, its subsidiaries or the Proposed Subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of J55, its subsidiaries or the Proposed Subsidiaries; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise

acquire, any outstanding securities of J55, any of its subsidiaries or the Proposed Subsidiaries; (v) amend the terms of any of its securities; (vi) reduce the stated capital of any of its securities; (vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of J55, any of its subsidiaries or the Proposed Subsidiaries, to the greatest extent possible; (viii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; (ix) (A) make or rescind any material Tax election, amend any Tax Return, settle or compromise any material liability for Taxes or change or revoke any of its methods of Tax accounting, or (B) take any action with respect to the computation of Taxes or the preparation of Tax Returns that is in any material respect inconsistent with past practice; or (x) enter into any agreement with respect to any of the foregoing;

- (b) other than in respect of the RTO and the Proposed Acquisitions, reorganize, amalgamate, consolidate or merge with any Person;
- (c) (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, in whole or in part, any asset with a transaction value in excess of \$50,000 (which for the avoidance of doubt, shall not be considered to include the disposal by J55 or any subsidiary of obsolete assets or the sale by J55 or any subsidiary of inventory in the ordinary course of business); (ii) other than in respect of the RTO and the Proposed Acquisitions, acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital (other than to wholly-owned subsidiaries), property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights, other than (A) acquisitions in the ordinary course of business or (B) pursuant to a Contract in existence on the date hereof; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iv) waive, release, grant or transfer any rights of material value; or (v) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (d) other than in the ordinary course of business, enter into or terminate any hedges, swaps or other financial instruments or like transaction;
- (e) other than as is necessary to comply with Law or any Contract or Employee Plan in effect as of the date hereof or disclosed in the J55 Disclosure Letter (i) grant to any officer, employee, consultant or director of J55, any of its subsidiaries or any the Proposed Subsidiaries an increase in compensation in any form, or grant any general salary increase (which, for greater certainty, shall not restrict the normal

course grants of incentive securities already scheduled for approval and disclosed in the J55 Disclosure Letter); (ii) make any loan to any officer, employee, consultant or director of J55, any of its subsidiaries or the Proposed Subsidiaries; (iii) take any action with respect to the grant of, or amendment to, any severance, change of control, retention, bonus or termination pay to, or enter into, establish, amend or terminate any employment agreement, deferred compensation or other similar agreement with, or hire, or terminate employment (except for just cause or poor performance, and the backfill of those positions in the ordinary course of business) of, any officer, employee, consultant or director of J55, any of its subsidiaries or the Proposed Subsidiaries; (iv) increase any benefits payable under or materially amend any Employee Plan; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of J55, any of its subsidiaries or the Proposed Subsidiaries; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units or restricted share awards); (vii) adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, retention, incentive compensation or other compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of employees; or (viii) establish, adopt or amend any collective bargaining agreement or other agreement with a labour union;

- (f) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any action, claim or proceeding brought against J55, any of its subsidiaries and/or the Proposed Subsidiaries in excess of \$50,000 (except where the action, claim or proceeding is insured and J55's contribution does not exceed its deductible); or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (g) enter into any agreement or arrangement that limits or otherwise restricts in any material respect J55 or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect J55 or any of its affiliates from competing in any manner;
- (h) other than as is necessary to comply with Law or any Contract or Employee Plan in effect as of the date hereof or disclosed in the J55 Disclosure Letter: (i) modify or amend in any material respect adverse to J55, transfer or terminate any Material Contract or waive, release or assign any material rights or claims thereto or thereunder; or (ii) enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- (i) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under,

any material Authorization necessary to conduct its businesses as now conducted or as proposed to be conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for any material Authorization;

- (j) declare, set aside or pay any dividends or other distribution (whether in cash, shares or property, or any combination thereof) on the J55 Shares;
- (k) make or commit to make any material donation, gift or similar payment;
- (l) other than in respect of the Proposed Acquisitions, engage in any transaction with any related party (as defined under the Securities Act) other than in relation to employment matters not prohibited hereby; or
- (m) agree, resolve or commit to do any of the foregoing.

Section 5.3 Covenants with Respect to the Arrangement

- (1) Subject to Section 5.4 which shall govern in relation to Regulatory Approvals, each of the Parties covenants and agrees that during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:
 - (a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Laws to complete the Arrangement, including using commercially reasonable efforts to promptly (i) obtain all necessary waivers, consents and approvals required from, and provide all required notices to, Persons party to loan agreements, leases, licenses and other Contracts or Authorizations; (ii) obtain all necessary Authorizations as are required to be obtained by it under all Laws; (iii) defend all lawsuits or other legal, regulatory or other proceedings against it challenging or affecting the Arrangement or this Agreement, and oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting, the ability of the Parties to consummate the Arrangement; and (iv) cooperate with the other Party in connection with the performance by it and its subsidiaries of their obligations hereunder;
 - (b) it shall not deliberately take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to materially delay or materially impede the consummation of the Arrangement, or that will have, or would reasonably be expected to have, the effect of materially delaying, impairing or impeding the granting of the Regulatory Approvals; and

- (c) it shall conduct itself so as to keep the other Party fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business; provided that such disclosure is not otherwise prohibited by reason of confidentiality owed to a third party or otherwise prevented by Law or is in respect of competitively sensitive information.
- (2) Enthusiast shall promptly notify J55 in writing of: (i) any Material Adverse Effect in respect of Enthusiast, or any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of Enthusiast; (ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement; (iii) any notice or other communication from any material supplier, joint venture partner, customer or other material business partner to the effect that such material supplier, joint venture partner, customer or other material business partner is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify its relationship with Enthusiast or any of its subsidiaries as a result of this Agreement or the Arrangement; (iv) any notice or other communication received from any Governmental Entity in connection with this Agreement (and Enthusiast shall contemporaneously provide a copy of any such written notice or communication to J55 where not prohibited by Law); or (v) any material filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Enthusiast, its subsidiaries or the assets of Enthusiast.
- (3) J55 shall promptly notify Enthusiast in writing of: (i) any Material Adverse Effect in respect of J55, the Proposed Acquisitions and the Proposed Subsidiaries, or any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of J55, the Proposed Acquisitions and the Proposed Subsidiaries; (ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement; (iii) any notice or other communication from any material supplier, joint venture partner, customer or other material business partner to the effect that such material supplier, joint venture partner, customer or other material business partner is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify its relationship with J55 or the Proposed Subsidiaries or any of their respective subsidiaries as a result of this Agreement or the Arrangement; (iv) any notice or other communication received from any Governmental Entity in connection with this Agreement (and J55 shall contemporaneously provide or cause to be provided a copy of any such written notice or communication to Enthusiast where not prohibited by Law); or (v) any material filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting J55 and the Proposed Subsidiaries, their respective subsidiaries or the respective assets of J55 and the Proposed Subsidiaries.

- (4) J55 shall use commercially reasonable efforts to, following completion of the Arrangement, obtain approval for the listing and posting for trading on the TSX of the J55 Shares and the Underlying Shares.

Section 5.4 Regulatory Approvals

- (1) As soon as reasonably practicable after the date hereof each Party, or where appropriate, the Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Entities required or advisable in connection with the Regulatory Approvals and shall use its commercially reasonable efforts to obtain as soon as reasonably practicable and maintain the Regulatory Approvals.
- (2) The Parties shall cooperate with one another in connection with obtaining the Regulatory Approvals including providing or submitting on a timely basis, and as promptly as practicable, all documentation and information that is required, or in the opinion of a Party, acting reasonably, advisable, in connection with obtaining the Regulatory Approvals and use their commercially reasonable efforts to ensure that such information does not contain a misrepresentation; provided, however, that nothing in this provision shall require a Party to provide information that is not in its possession or not otherwise reasonably available to it.
- (3) The Parties shall (i) cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement, (ii) respond, as soon as reasonably practicable, to any requests for information from a Governmental Entity in connection with obtaining a Regulatory Approval, and (iii) not make any submissions or filings to any Governmental Entity related to the transactions contemplated by this Agreement, or participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, submissions, investigations or other inquiries or matters related to the transactions contemplated by this Agreement, unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party a reasonable opportunity to review drafts of any submissions or filings (and will give due consideration to any comments received from such other Party) and to attend and participate in any communications. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts and final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.
- (4) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a misrepresentation, or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a misrepresentation, such that an amendment or supplement may be

necessary or advisable. In such case, the Parties will cooperate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.

- (5) The Parties shall request that the Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approvals. Related thereto, the Parties, as applicable, shall promptly notify any Governmental Entity that is responsible for issuing a Regulatory Approval that it is prepared to meet, by telephone or in-person at the Governmental Entity's offices, with a view to obtaining the Regulatory Approvals on an expedited basis.
- (6) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law or as not satisfying any applicable legal text under a Law necessary to obtain the Regulatory Approvals, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Section 5.5 Pre-Acquisition Reorganizations

- (1) Enthusiast shall use its commercially reasonable efforts to effect, and shall cause its subsidiaries to use their commercially reasonable efforts to effect, such reorganization of its or their business, operations and assets as J55 may reasonably request (a "Pre-Acquisition Reorganization") prior to the Effective Time (including, for greater certainty, in order to improve the financial and operational efficiencies of J55 and its subsidiaries following the Effective Time), and the Plan of Arrangement, if required, shall be modified accordingly; provided, however, that Enthusiast need not effect a Pre-Acquisition Reorganization which in the opinion of Enthusiast: (i) would require Enthusiast to obtain the prior approval of its shareholders in respect of such Pre-Acquisition Reorganization; or (ii) would impede or delay the consummation of the Arrangement. J55 shall provide written notice to Enthusiast of any proposed Pre-Acquisition Reorganization at least 10 Business Days prior to the Effective Date. In addition:
 - (a) if J55 proposes a Pre-Acquisition Reorganization, it shall indemnify and save harmless Enthusiast and its subsidiaries' respective officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, reasonable expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization or as a result of the reversal (where such reversal is determined by Enthusiast to be necessary, acting reasonably) of all or any of the Pre-Acquisition Reorganization steps in the event the Arrangement does not proceed (including actual out-of-pocket costs and expenses for filing fees and external counsel);

- (b) unless the Parties otherwise agree in writing, any Pre-Acquisition Reorganization to be effected shall not become effective unless J55 shall have confirmed in writing the satisfaction or waiver of all conditions in its favour in Section 6.1 and Section 6.2 and shall have confirmed in writing that it is prepared to promptly without condition (other than the satisfaction of the condition contemplated by Section 6.2(a) as it relates to the Pre-Acquisition Reorganization) proceed to effect the Arrangement;
 - (c) any Pre-Acquisition Reorganization shall not require Enthusiast or any subsidiary to contravene any applicable Laws, their respective organizational documents or any Material Contract in any material respect;
 - (d) Enthusiast and its subsidiaries shall not be obligated to take any action that has a material likelihood of resulting in any adverse Tax, economic or other consequences to any securityholder of such Party;
 - (e) any Pre-Acquisition Reorganization shall be effected as close as reasonably practicable to the Effective Time; and
 - (f) such cooperation does not require the directors, officers or employees of Enthusiast to take any action in any capacity other than as a director, officer or employee, as applicable.
- (2) Each Party acknowledges and agrees that the planning for and implementation of any Pre-Acquisition Reorganization that is requested shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of a Party hereunder has been breached. The Parties shall work cooperatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization.

Section 5.6 Access to Information; Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, each Party shall give the other Party and its Representatives (a) upon reasonable notice, reasonable access during normal business hours to its and its subsidiaries' (i) premises, (ii) property and assets (including books and records), (iii) Contracts and leases and (iv) senior personnel and Representatives, so long as the access does not unduly interfere with the ordinary course conduct of the business of the Party in question; and (b) such financial and operating data or other information with respect to the assets or business of such Party and its subsidiaries as the other Party from time to time reasonably requests. Each Party shall continue to afford the other Party and its Representatives with access to its data room. The Parties acknowledge and agree that information furnished pursuant to this Section 5.6 shall be subject to the terms and conditions of the Confidentiality Agreement.

Section 5.7 Insurance and Indemnification

- (1) Enthusiast shall be entitled to purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Date with the prior written consent of J55, not to be unreasonably withheld, provided that the aggregate cost therefor does not exceed 300% of the annual premiums currently in effect.
- (2) J55 agrees that it shall cause Enthusiast to honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Enthusiast and its subsidiaries, and acknowledges that such rights, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date.
- (3) The provisions of this Section 5.7 are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her legal representatives and, for such purpose, Enthusiast hereby confirms that it is acting as agent and trustee on their behalf. Furthermore, this Section 5.7 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date for a period of six years.

Section 5.8 Proposed Acquisitions and Proposed Subsidiaries.

J55 shall take all necessary actions to complete the Proposed Acquisitions in accordance with the Subsidiary Transaction Documents provided to Enthusiast and shall keep Enthusiast fully informed of the status and negotiation of the Subsidiary Transaction Documents and the closing of the Proposed Acquisitions.

Section 5.9 Treatment of Certain Enthusiast Securities.

The Parties acknowledge and agree that all Enthusiast Options that are not exercised, whether conditionally or otherwise, prior to the Effective Time shall be treated in accordance with the provisions of the Plan of Arrangement, and Enthusiast shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing. The Enthusiast Warrants and Enthusiast Convertible Debentures will become exercisable, convertible and/or redeemable, as applicable for J55 Shares after the Effective Time in accordance with the terms thereof. Pursuant to the terms of the applicable agreement, certificate and/or indenture governing the Enthusiast Warrants, each holder of an Enthusiast Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Enthusiast Warrant on or after the Effective Time, in accordance with its terms, and shall accept in lieu of each Enthusiast Share to which such holder was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the Consideration. Pursuant to the terms of the applicable agreement and/or certificate governing the Enthusiast Convertible Debentures, each holder of an Enthusiast Convertible Debenture outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Enthusiast Convertible Debenture on or after the Effective Time, in accordance with its terms, and shall accept in lieu of each Enthusiast Share to which such holder was theretofore

entitled upon such conversion and/or redemption but for the same aggregate consideration payable therefor, the Consideration.

ARTICLE 6 CONDITIONS

Section 6.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date, each of which may only be waived with the mutual consent of the Parties:

- (a) the Interim Order and the Final Order shall have each been obtained on terms consistent with this Agreement and shall not have been set aside or modified in a manner unacceptable to either of the Parties, acting reasonably, on appeal or otherwise;
- (b) the Enthusiast Arrangement Resolution shall have been passed by the Enthusiast Shareholders at the Enthusiast Meeting in accordance with the Interim Order;
- (c) the J55 Resolutions shall have been passed by the J55 Shareholders at the J55 Meeting in accordance with Law;
- (d) the Articles of Arrangement to be filed with the Director in accordance with this Agreement shall be in form and substance satisfactory to the Parties, each acting reasonably;
- (e) All Regulatory Approvals that are necessary or advisable to consummate the transactions contemplated by this Agreement and the failure of which to obtain would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect in respect of either J55 or Enthusiast, shall have been made, given or obtained on terms that are acceptable to the Parties, each acting reasonably;
- (f) the Consideration Shares and Replacement Options (excluding the Underlying Shares) to be issued under the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and shall not be subject to resale restrictions in the United States under the U.S. Securities Act (other than as may be prescribed by Rule 144 and Rule 145, as applicable, under the U.S. Securities Act);
- (g) the TSXV shall have conditionally approved the listing thereon of the Consideration Shares, the Underlying Shares, subject only to the customary listing conditions of the TSXV;
- (h) there has not been any breach of any of the Voting and Support Agreements by any party to any such agreement; and
- (i) no action, suit, proceeding, objection, opposition, order or injunction shall have been taken, entered or promulgated by any Governmental Entity and no Law shall have been

enacted, issued, promulgated, enforced, amended or applied, in each case, which prevents, prohibits or enjoins any of the Parties from consummating the Arrangement, or that would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect in respect of J55 or Enthusiast if the Arrangement is consummated.

Section 6.2 Additional Conditions Precedent to the Obligations of J55

The obligations of J55 to complete the transactions contemplated by this Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date, each of which is for the exclusive benefit of J55 and may be waived by J55 in whole or in part at any time:

- (a) all covenants of Enthusiast under this Agreement to be performed on or before the Effective Date which have not been waived by J55 shall have been duly performed by Enthusiast in all material respects, and J55 shall have received a certificate of Enthusiast addressed to J55 and dated the Effective Date, signed on behalf of Enthusiast by a senior executive officer of Enthusiast (on Enthusiast's behalf and without personal liability), confirming the same as of the Effective Date;
- (b)
 - (i) the representations and warrants of Enthusiast set forth in paragraph 6(5) of Schedule C shall be true and correct in all respects as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except for such failures to be so true and correct that are *de minimus*;
 - (ii) the representations and warranties of Enthusiast set forth in paragraph 6(1), paragraph 6(2) and paragraph 6(6) of Schedule C shall be true and correct in all material respects (disregarding for such purposes any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date); and
 - (iii) all other representations and warranties made by Enthusiast in this Agreement shall be true and correct in all respects (disregarding for such purpose any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except in the case of this clause (iii) where any failure or failures of any such other representations and warranties to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast and its subsidiaries, taken as a whole; and J55 shall have received a certificate of Enthusiast addressed to J55 and dated the Effective Date, signed on behalf of Enthusiast by a senior executive officer of Enthusiast (on Enthusiast's behalf and without personal liability), confirming the same as of the Effective Date;
- (c) since the date of this Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of Enthusiast;

- (d) J55 shall have received waiver agreements from each of Messrs Bernofsky, Kestenbaum and Friedman pursuant to which they each agree that the Arrangement does not constitute a “Change of Control” for purposes of their respective employment or consulting agreements with Enthusiast; and
- (e) Enthusiast Shareholders shall not have exercised Dissent Rights in connection with the Arrangement with respect to more than 10% of the issued and outstanding Enthusiast Shares.

Section 6.3 Additional Conditions Precedent to the Obligations of Enthusiast

The obligations of Enthusiast to complete the transactions contemplated by this Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date, each of which is for the exclusive benefit of Enthusiast and may be waived by Enthusiast in whole or in part at any time:

- (a) all covenants of J55 and the Proposed Subsidiaries under this Agreement to be performed on or before the Effective Date which have not been waived by Enthusiast shall have been duly performed by J55 and the Proposed Subsidiaries in all material respects, and Enthusiast shall have received a certificate of J55, addressed to Enthusiast and dated the Effective Date, signed on behalf of J55 by a senior executive officer (on J55’s behalf and without personal liability), confirming the same as of the Effective Date;
- (b) (i) the representations and warranties of J55 set forth in paragraph (5) of Schedule D shall be true and correct in all respects as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except for such failures to be so true and correct that are *de minimus*; (ii) the representations and warranties of J55 set forth in paragraph (1), paragraph (2) and paragraph (6) of Schedule D shall be true and correct in all material respects (disregarding for such purposes any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date); and (iii) all other representations and warranties made by J55 and GameCo in this Agreement shall be true and correct in all respects (disregarding for such purpose any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except in the case of this clause (iii) where any failure or failures of any such other representations and warranties to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55 and the Proposed Subsidiaries, taken as a whole; and Enthusiast shall have received a certificate of J55 addressed to Enthusiast and dated the Effective Date, signed on behalf of J55 by a senior executive officer of J55 (on J55’s behalf and without personal liability), confirming the same as of the Effective Date;

- (c) the Proposed Acquisitions shall have been completed;
- (d) since the date of this Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of J55 or the Proposed Subsidiaries, taken as a whole; and
- (e) J55 shall have satisfied its obligations under Section 2.11.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1 to Section 6.3 shall be conclusively deemed to have been satisfied, waived or released upon the issuance of the Certificate of Arrangement.

Section 6.5 Notice and Cure Provisions

- (1) Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would reasonably be expected to:
 - (a) cause any of the representations or warranties of such Party contained herein and the Proposed Subsidiaries contained in the Subsidiary Transaction Documents to be untrue or inaccurate in any material respect; or
 - (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party, including the Proposed Subsidiaries, hereunder prior to the Effective Time,

in each case to the extent that the conditions in Section 6.2(a) and Section 6.2(b), in the case of Enthusiast's representations, warranties and covenants, and Section 6.3(a) and Section 6.3(b), in the case of J55 and the Proposed Subsidiaries' representations, warranties and covenants, would not be capable of being satisfied at any time from the date hereof until the Effective Date.

- (2) J55 may not exercise its rights to terminate this Agreement pursuant to Section 8.2(1)(d)(i) and Enthusiast may not exercise its right to terminate this Agreement pursuant to Section 8.2(1)(c)(i) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment of the applicable condition or for the applicable termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement pursuant to such termination right until the earlier of (i) the Outside Date and (ii) the date that is 10 Business Days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order or the Enthusiast Meeting or the J55 Meeting, such application and/or

meetings shall be postponed, if and to the extent necessary, until the expiry of such period.

ARTICLE 7

ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 7.1 Covenants Regarding Non-Solicitation

- (1) Except as provided in this Article 7, Enthusiast shall not, and none of its subsidiaries nor any of its or its subsidiaries' directors and officers shall, and Enthusiast shall instruct its and its subsidiaries' Representatives not to, directly or indirectly:
 - (a) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of Enthusiast or any subsidiary) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (b) enter into or otherwise engage or participate in any substantive discussions or negotiations with any Person (other than J55 or any Person acting jointly or in concert with J55) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; provided that, for greater certainty, Enthusiast shall be permitted to: (i) communicate with any Person for the purposes of clarifying the terms of any inquiry, proposal or offer made by such Person; (ii) advise any Person of the restrictions of this Agreement; and (iii) advise any Person making an Acquisition Proposal that the Enthusiast Board has determined that such Acquisition Proposal does not constitute or is not reasonably expected to constitute or lead to a Superior Proposal;
 - (c) withdraw, amend, modify or qualify, in a manner adverse to J55, the Enthusiast Board Recommendation;
 - (d) accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to any publicly announced Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced Acquisition Proposal for a period of no more than 10 Business Days following the public announcement of such Acquisition Proposal will not be considered to be in violation of this Section 7.1 provided the Enthusiast Board has rejected such Acquisition Proposal and affirmed the Enthusiast Board Recommendation before the end of such 10 Business Day period); or
 - (e) enter into (other than a confidentiality agreement permitted by and in accordance with Section 7.3) any agreement in respect of an Acquisition Proposal.

- (2) Enthusiast shall, and shall cause its subsidiaries and its Representatives to, immediately cease and terminate, any solicitation, encouragement, discussion or negotiation commenced prior to the date of this Agreement with any Person (other than with J55) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, Enthusiast will:
- (a) promptly discontinue access to and disclosure of all confidential information, including any data room and any access to the properties, facilities, books and records of Enthusiast or of any of its subsidiaries; and
 - (b) within two Business Days, request (i) the return or destruction of all copies of any confidential information regarding Enthusiast or any subsidiary provided to any Person (other than J55) since June 1, 2018 in respect of a possible Acquisition Proposal, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding Enthusiast or any subsidiary, using its commercially reasonable efforts to ensure that such requests are complied with in accordance with the terms of such rights.
- (3) Enthusiast agrees that it shall (i) use commercially reasonable efforts to enforce any confidentiality, standstill or similar agreement or restriction to which Enthusiast or any subsidiary is a party and (ii) not release any Person from, or waive, amend, suspend or otherwise modify any Person's obligations respecting Enthusiast, or any of its subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which Enthusiast or any subsidiary is a party (it being acknowledged by J55 that the automatic termination or release of any standstill restrictions of any such agreements as a result of the entering into an announcement of this Agreement shall not be a violation of this Section 7.1(3)).

Section 7.2 Notification of Acquisition Proposals

If Enthusiast or any of its subsidiaries receives, or, to the knowledge of Enthusiast, any of their respective Representatives receives, any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to Enthusiast or any subsidiary in relation to a possible Acquisition Proposal, Enthusiast shall promptly notify J55, at first orally, and then within 48 hours, in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request. At J55's reasonable request, Enthusiast shall keep J55 informed of the status of material developments and negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any material changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.

Section 7.3 Responding to Acquisition Proposal

Notwithstanding Section 7.1, or any other agreement between the Parties or between Enthusiast and any other Person, if, at any time prior to obtaining the approval of the

Enthusiast Shareholders of the Enthusiast Arrangement Resolution, Enthusiast receives an Acquisition Proposal, Enthusiast and its Representatives may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and, subject to entering into a confidentiality and standstill agreement with such Person containing terms that are not materially less favourable to Enthusiast than those contained in the Confidentiality Agreement (it being understood and agreed that such confidentiality and standstill agreement need not restrict the making of a confidential Acquisition Proposal and related communications to Enthusiast or the Enthusiast Board), a copy of which shall be provided to J55 prior to providing such Person with any such copies, access or disclosure, Enthusiast and its Representatives may provide copies of, access to or disclosure of information, properties, facilities, books or records of Enthusiast or its subsidiaries, if and only if:

- (a) the Enthusiast Board first determines in good faith, after consultation with its financial advisor, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal; and
- (b) Enthusiast has been, and continues to be, in compliance with its obligations under Section 7.1 in all material respects.

Section 7.4 Right to Match

- (1) If Enthusiast receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Enthusiast Arrangement Resolution by the Enthusiast Shareholders the Enthusiast Board may, or may cause Enthusiast to, subject to compliance with Section 8.3(3), enter into a definitive agreement with respect to such Superior Proposal, if and only if:
 - (a) Enthusiast has been, and continues to be, in compliance with its obligations under Section 7.1 in all material respects;
 - (b) Enthusiast or its Representatives have delivered to J55 a written notice of the determination of the Enthusiast Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention to enter into a definitive agreement with respect to such Superior Proposal (the “**Superior Proposal Notice**”);
 - (c) Enthusiast or its Representatives have provided to J55 a copy of the proposed definitive agreement for the Superior Proposal;
 - (d) at least five Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which J55 received the Superior Proposal Notice and the date on which J55 received a copy of the proposed definitive agreement for the Superior Proposal;
 - (e) during any Matching Period, J55 has had the opportunity (but not the obligation), in accordance with Section 7.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

- (f) after the Matching Period, the Enthusiast Board has determined in good faith (i) after consultation with its legal counsel and financial advisor, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, compared to the terms of the Arrangement as proposed to be amended by J55 under Section 7.4(2)) and (ii) after consultation with its legal counsel, that the failure to take the relevant action would be inconsistent with its fiduciary duties; and
 - (g) prior to or concurrently with entering into such definitive agreement Enthusiast terminates this Agreement pursuant to Section 8.2(1)(c)(ii) and pays the Enthusiast Termination Fee pursuant to Section 8.3(3).
- (2) During the Matching Period, or such longer period as Enthusiast may approve in writing for such purpose: (a) the Enthusiast Board shall review any offer made by J55 under Section 7.4(1)(e) to amend the terms of this Agreement and the Arrangement in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) Enthusiast shall negotiate in good faith with J55 to make such amendments to the terms of this Agreement and the Arrangement as would enable J55 to proceed with the transactions contemplated by this Agreement on such amended terms. If the Enthusiast Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Enthusiast shall promptly so advise J55 and Enthusiast and J55 shall amend this Agreement to reflect such offer made by J55, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (3) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 7.4, provided that the Matching Period in respect of such new Acquisition Period shall extend only until the later of the end of the initial five Business Day Matching Period and 36 hours after J55 received the Superior Proposal Notice for the new Superior Proposal and a copy of the proposed definitive agreement for the new Superior Proposal.
- (4) If Enthusiast provides a Superior Proposal Notice to J55 on a date that is less than five Business Days before the Enthusiast Meeting, Enthusiast shall either proceed with or shall postpone the Enthusiast Meeting, as directed by J55 acting reasonably, to a date that is not more than five Business Days after the scheduled date of the Enthusiast Meeting but in any event the Enthusiast Meeting shall not be postponed to a date which would prevent the Effective Date from occurring on or prior to the Outside Date.
- (5) Nothing contained in this Agreement shall prohibit the Enthusiast Board from making an Enthusiast Change in Recommendation or from making any disclosure to any securityholders of Enthusiast prior to the Effective Time, including for greater certainty disclosure of an Enthusiast Change in Recommendation, if, in the good faith judgment of the Enthusiast Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would reasonably be expected to be inconsistent with the Enthusiast Board's exercise of its fiduciary duties or such action or disclosure is

otherwise required by Law (including, without limitation, by responding to an Acquisition Proposal under a directors' circular or otherwise as required by Law); provided that, for greater certainty, in the event of an Enthusiast Change in Recommendation and a termination by J55 of this Agreement pursuant to Section 8.2(1)(d)(ii), Enthusiast shall be obligated to pay the Enthusiast Termination Fee as required by Section 8.3(3). The Enthusiast Board may not make an Enthusiast Change in Recommendation pursuant to the preceding sentence unless Enthusiast gives J55 at least two Business Days prior written notice of its intention to make such Enthusiast Change in Recommendation, provided that, for greater certainty, the foregoing limitation shall not apply in respect of any actions taken under Section 7.4(1). Should the Enthusiast Board make an Enthusiast Change in Recommendation in accordance with the foregoing, Section 2.13 shall no longer be applicable to disclosures made by Enthusiast. In addition, nothing contained in this Agreement shall prohibit Enthusiast or the Enthusiast Board from calling and/or holding a meeting of Enthusiast Shareholders requisitioned by Enthusiast Shareholders in accordance with the OBCA or taking any other action to the extent ordered or otherwise mandated by a Governmental Entity.

ARTICLE 8

TERM, TERMINATION, AMENDMENT AND WAIVER

Section 8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

Section 8.2 Termination

(1) This Agreement may be terminated prior to the Effective Time by:

- (a) the mutual written agreement of the Parties; or
- (b) either Enthusiast or J55 if:
 - (i) the Enthusiast Meeting is duly convened and held and the Enthusiast Arrangement Resolution is voted on by Enthusiast Shareholders and not approved by the Enthusiast Shareholders as required by the Interim Order;
 - (ii) the J55 Meeting is duly convened and held and the J55 Resolutions are voted on by J55 Shareholders and not approved by the J55 Shareholders as required by Law;
 - (iii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Enthusiast or J55 from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 8.2(1)(b)(ii) has used its

reasonable best efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement and provided further that the enactment, making, enforcement or amendment of such Law was not primarily due to the failure of such Party to perform any of its covenants or agreements under this Agreement; or

- (iv) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 8.2(1)(b)(iv) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(c) Enthusiast if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of J55 under this Agreement occurs that would cause any condition in Section 6.3(a), Section 6.3(b) or Section 6.3(c) not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.5; provided that any wilful breach shall be deemed to be incapable of being cured and Enthusiast is not then in breach of this Agreement so as to cause any condition in Section 6.2(a) or Section 6.2(b) not to be satisfied; or
- (ii) prior to the approval by the Enthusiast Shareholders of the Enthusiast Arrangement Resolution, the Enthusiast Board authorizes Enthusiast to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with Section 7.3) with respect to a Superior Proposal in accordance with Section 7.4, provided Enthusiast is then in compliance with Section 7.1 in all material respects and that prior to or concurrent with such termination Enthusiast pays the Enthusiast Termination Fee in accordance with Section 8.3(3); or

(d) J55 if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Enthusiast under this Agreement occurs that would cause any condition in Section 6.2(a) or Section 6.2(b) not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.5; provided that any wilful breach shall be deemed to be incapable of being cured and J55 is not then in breach of this Agreement so as to cause any condition in Section 6.3(a), Section 6.3(b) or Section 6.3(c) not to be satisfied; or
- (ii) prior to the approval by the Enthusiast Shareholders of the Arrangement Resolution, (A) the Enthusiast Board fails to recommend or withdraws,

amends, modifies or qualifies, in a manner adverse to J55, the Enthusiast Board Recommendation, (B) the Enthusiast Board accepts, approves, endorses or recommends an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced Acquisition Proposal for more than 10 Business Days (together with any of the matters set forth in (A), an “**Enthusiast Change in Recommendation**”), (C) the Enthusiast Board enters into (other than a confidentiality agreement permitted by and in accordance with Section 7.3) any agreement in respect of an Acquisition Proposal or (D) Enthusiast wilfully breaches Section 7.1.

- (2) Subject to Section 6.5(2), if applicable, the Party desiring to terminate this Agreement pursuant to this Section 8.2(2) (other than pursuant to Section 8.2(1)(a)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party’s exercise of its termination right.

Section 8.3 Termination Fees and Expenses

- (1) Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Party incurring such cost or expense. J55 shall pay any filing or similar fee payable to a Governmental Entity and applicable Taxes in connection with a Regulatory Approval.
- (2) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if an Enthusiast Termination Fee Event occurs, in consideration for the disposition of its rights under this Agreement, Enthusiast shall pay to J55 the Enthusiast Termination Fee in accordance with Section 8.3(3). For the purposes of this Agreement, “**Enthusiast Termination Fee**” means \$4,500,000 and “**Enthusiast Termination Fee Event**” means the termination of this Agreement:
 - (a) by J55, pursuant to Section 8.2(1)(d)(ii);
 - (b) by Enthusiast, pursuant to Section 8.2(1)(c)(ii); or
 - (c) by Enthusiast or J55 pursuant to Section 8.2(1)(b)(i), if:
 - (i) following the date hereof and prior to the Enthusiast Meeting, a *bona fide* Acquisition Proposal involving Enthusiast shall have been publicly announced by any Person (other than J55 or any of their affiliates or any Person acting jointly or in concert with any of the foregoing);
 - (ii) such Acquisition Proposal has not expired or been publicly withdrawn at least five (5) Business Days prior to the Enthusiast Meeting; and
 - (iii) within twelve months following the date of such termination (A) such Acquisition Proposal is consummated, or (B) Enthusiast enters into a

contract in respect of such Acquisition Proposal and such Acquisition Proposal is later consummated.

For purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more".

- (3) If an Enthusiast Termination Fee Event occurs due to a termination of this Agreement by Enthusiast pursuant to Section 8.2(1)(c)(ii), the Enthusiast Termination Fee shall be paid prior to or concurrently with the occurrence of such Enthusiast Termination Fee Event. If an Enthusiast Termination Fee Event occurs due to a termination of this Agreement by J55 pursuant to Section 8.2(1)(d)(ii), the Enthusiast Termination Fee shall be paid within two Business Days following such Enthusiast Termination Fee Event. If an Enthusiast Termination Fee Event occurs in the circumstances set out in Section 8.3(2)(c), the Enthusiast Termination Fee shall be paid upon the consummation of the Acquisition Proposal referred to therein. Any Enthusiast Termination Fee shall be paid by Enthusiast to J55 (or as J55 may direct by notice in writing), by wire transfer in immediately available funds to an account designated by J55. For greater certainty, in no event shall Enthusiast be obligated to pay the Enthusiast Termination Fee on more than one occasion.
- (4) Each Party acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in this Section 8.3 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, reputational damages and expenses, which the affected Party or Parties will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, represent consideration for the recipient's disposition of its rights under this Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Notwithstanding anything to the contrary set forth in this Agreement, but subject to J55's rights set forth in Section 9.7, in the event of the termination of this Agreement by J55 or Enthusiast in circumstances that constitute an Enthusiast Termination Fee Event, the receipt of the Enthusiast Termination Fee by J55 shall be the sole and exclusive remedy (including damages, specific performance and injunctive relief) of J55 and its affiliates against Enthusiast, its affiliates and any of their respective former, current or future directors, officers, employees, affiliates, shareholders, managers, members or agents for all breaches of any representation, warranty, covenant or agreement contained in this Agreement by Enthusiast and the failure of the transactions contemplated herein to be consummated (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach or failure to perform hereunder, in any case whether willfully, intentionally, unintentionally or otherwise). For the avoidance of doubt, it is agreed that Enthusiast and J55 shall be entitled to pursue an injunction, or other form of specific performance or equitable relief, solely as provided in Section 9.7.

- (5) The Parties acknowledge that the agreements contained in Section 8.3 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement; accordingly, if Enthusiast fails to pay the Enthusiast Termination Fee when due and, in order to obtain such payment, J55 commences a suit that results in a judgment against Enthusiast for the Enthusiast Termination Fee, Enthusiast shall pay to J55 its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of such or portion thereof at the prime rate of the Royal Bank of Canada in effect on such date such payment was required to be made through the date of payment.

ARTICLE 9 GENERAL PROVISIONS

Section 9.1 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Enthusiast Meeting and the J55 Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

Section 9.2 Waiver

Any Party may (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Section 9.3 Third Party Beneficiaries

- (1) Except as provided in Section 2.5(3), Section 5.5(1)(a) and Section 5.7 and which, without limiting their terms, are intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 9.3 as the "Indemnified Persons"), each of the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and

that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

- (2) Despite the foregoing, each of the Parties acknowledges to each of the Indemnified Persons their direct rights against each of them under Section 2.5(3), Section 5.5(1)(a) and Section 5.7, as applicable, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, each Party confirms that it is acting as trustee and/or agent on their behalf, and agrees to enforce such provisions on their behalf.

Section 9.4 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in the Plan of Arrangement without any further act or formality, each of the Parties to this Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out therein.

Section 9.5 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or email, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to J55 and/or GameCo:

1100 Melville Street
Suite 830
Vancouver, British Columbia
V6E 4A6

Attention: Adrian Montgomery, Chief Executive Officer
Email: adrian@luminosity.gg

with a copy (which shall not constitute notice) to:

Norton Rose Fulbright Canada LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Robert Mason
Email: robert.mason@nortonrosefulbright.com

- (b) if to Enthusiast:

150 Eglinton Avenue East
Suite 203
Toronto, Ontario
M4P 1E8

Attention: Menashe Kestenbaum, Chief Executive Officer
Email: menashe@entusiastgaming.com

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Jay Kellerman
Email: jkellerman@stikeman.com

Section 9.6 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of Ontario situated in the City of Toronto with respect to any dispute related to this Agreement and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 9.7 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent or address breaches or threatened breaches of this Agreement, and any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief is hereby being waived, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 9.8 Time of Essence

Time shall be of the essence in this Agreement.

Section 9.9 Entire Agreement, Binding Effect and Assignment

This Agreement (including the Schedules hereto), the J55 Disclosure Letter (including the schedules thereto), the Enthusiast Disclosure Letter (including the schedules thereto), the Confidentiality Agreement constitute the entire agreement, and supersede all other prior

agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

Section 9.10 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 9.11 No Liability

No director or officer of a Party or of any of its affiliates shall have any personal liability whatsoever to the other Party under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of a Party.

Section 9.12 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

Section 9.13 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above.

J55 CAPITAL CORP.

Per: "Adrian Montgomery"
Name: Adrian Montgomery
Title: Chief Executive Officer

**ENTHUSIAST GAMING HOLDINGS
INC.**

Per: "Menashe Kestenbaum"
Name: Menashe Kestenbaum
Title: Chief Executive Officer

AQUILINI GAMECO INC.

Per: "Alex Macdonald"
Name: Alex Macdonald
Title: Chief Financial Officer

**SCHEDULE A
FORM OF PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions.

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“Arrangement” means an arrangement under section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of this Plan of Arrangement or the Arrangement Agreement or at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement made as of May 30, 2019 among J55, Enthusiast and Aquilini GameCo Inc. together with the schedules attached thereto, the Enthusiast Disclosure Letter and the J55 Disclosure Letter, as same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Articles of Arrangement” means the articles of arrangement of Enthusiast in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably.

“Business Day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or Vancouver, British Columbia.

“Certificate of Arrangement” means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

“Consideration” means, for each Enthusiast Share, the number of J55 Shares equal to the Exchange Ratio.

“Consideration Shares” means the J55 Shares to be issued as Consideration pursuant to this Plan of Arrangement.

“Court” means the Ontario Superior Court of Justice (Commercial List).

“Depository” means Computershare Investor Services Inc. or such other Person as the Parties may agree to in writing, each acting reasonably.

“Director” means the director appointed under Section 278 of the OBCA.

“Dissent Rights” has the meaning specified in Section 5.1 of this Plan of Arrangement.

“Dissenting Holder” means an Enthusiast Shareholder who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Enthusiast Shares in respect of which Dissent Rights are validly exercised by such holder.

“Effective Date” means the date shown on the Certificate of Arrangement.

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

“Enthusiast” means Enthusiast Gaming Holdings Inc., a corporation existing under the laws of the Province of Ontario.

“Enthusiast Arrangement Resolution” means the special resolution approving this Plan of Arrangement presented to the Enthusiast Shareholders at the Enthusiast Meeting, substantially in the form of Schedule B to the Arrangement Agreement.

“Enthusiast Circular” means the notice of the Enthusiast Meeting to be sent to the Enthusiast Shareholders in connection with the Enthusiast Meeting and the accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, as amended, supplemented or otherwise modified from time to time.

“Enthusiast Convertible Debentures” means the unsecured convertible debentures of Enthusiast.

“Enthusiast Disclosure Letter” has the meaning given to it in the Arrangement Agreement.

“Enthusiast Meeting” means the annual and special meeting of Enthusiast Shareholders, including any adjournment or postponement of such annual and special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Enthusiast Arrangement Resolution, annual meeting matters consistent with past practice and for any other purpose as may be set out in the Enthusiast Circular and agreed to in writing by the Parties.

“Enthusiast Options” means the outstanding options to purchase Enthusiast Shares granted under or otherwise subject to the Enthusiast Stock Option Plan.

“Enthusiast Securities” means the Enthusiast Shares, the Enthusiast Options, the Enthusiast Warrants and the Enthusiast Convertible Debentures.

“Enthusiast Securityholders” means the holders of Enthusiast Securities.

“Enthusiast Shareholders” means the holders of Enthusiast Shares.

“Enthusiast Shares” means common shares in the capital of Enthusiast.

“Enthusiast Stock Option Plan” means the stock option plan of Enthusiast approved by the board of directors of Enthusiast on June 30, 2017, as amended from time to time.

“Enthusiast Warrants” means the currently issued and outstanding common share purchase warrants and/or compensation options of Enthusiast.

“Exchange Ratio” means, for each Enthusiast Share, 4.22 J55 Shares, subject to adjustment pursuant to Section 2.15 of the Arrangement Agreement.

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to the Parties, each acting reasonably) on appeal.

“GameCo” means Aquilini GameCo Inc., a corporation existing under the laws of Canada.

“Governmental Entity” means any applicable: (a) multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, minister, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, commissioner, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange.

“holder” means a holder of Enthusiast Shares whose name appears in the register of holders of Enthusiast Shares maintained by or on behalf of Enthusiast and, where applicable, includes joint holders of such Enthusiast Shares.

“Interim Order” means the interim order of the Court made in connection with the Arrangement and providing for, among other things, the calling and holding of the Enthusiast Meeting, as the same may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably).

“J55” means J55 Capital Corp., a corporation existing under the laws of the Province of British Columbia.

“J55 Disclosure Letter” has the meaning given to it in the Arrangement Agreement.

“J55 Shares” means the common shares in the capital of J55.

“Law” or **“Laws”** means, with respect to any Person, any and all applicable laws (statutory, common or otherwise), statute, constitution, treaty, convention, ordinance, code, rule, regulation, by-laws, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applicable by a Governmental

Entity that is binding upon or applicable to such Person or its business, undertaking, property, assets or securities, the terms and conditions of any Authorization and to the extent they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“Letter of Transmittal” means the letter of transmittal sent by Enthusiast to the Enthusiast Shareholders with the Enthusiast Circular.

“Liens” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances, encroachments, options, adverse rights or claims or other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“OBCA” means the *Business Corporations Act* (Ontario).

“Parties” means J55 and Enthusiast, and **“Party”** means either of them.

“Person” includes an individual, partnership, association, company, corporation, body corporate, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

“Plan of Arrangement” means this plan of arrangement, and any amendments or variations made in accordance with Section 9.1 of the Arrangement Agreement, this plan of arrangement or upon the direction of the Court with the consent of the Parties, each acting reasonably.

“Replacement Option” means an option or right to purchase J55 Shares granted by J55 in replacement of Enthusiast Options on the basis set forth in Section 2.1(c)(i) of this Plan of Arrangement.

“Tax Act” means the *Income Tax Act* (Canada).

“TSXV” means the TSX Venture Exchange.

1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

- (1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (2) **Currency.** Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

- (3) **Gender and Number.** In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.
- (4) **Certain Phrases, etc.** The words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (iii) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.
- (5) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) **Time References.** References to time are to local time, Toronto, Ontario.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement.

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect.

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Parties, all holders and beneficial owners of Enthusiast Securities, including Dissenting Holders, the registrar and transfer agent of Enthusiast and the Depositary, at and after, the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement.

Commencing at the Effective Time, the following shall occur and shall be deemed to occur as set out below without any further authorization, act or formality, in each case effective as at five-minute intervals starting at the Effective Time:

(a) **Dissenting Shareholders.**

Each Enthusiast Share held by an Enthusiast Shareholder who has validly exercised its Dissent Rights (and the Dissent Right of such Enthusiast Shareholder to dissent with respect to such Enthusiast Share has not terminated or ceased to apply with respect to such Enthusiast Share) will be and be deemed to be transferred by such Enthusiast Shareholder to J55, free and clear of any Liens, without any further act or formality, and such Enthusiast Shareholder will cease to be the holder thereof or have any rights as a holder in respect of such Enthusiast Share other than the right to be paid by J55 the fair value of such Enthusiast Share determined and payable in accordance with Article 5.1 hereof; such Enthusiast Shareholder's name shall be removed from the register of holders of Enthusiast Shares, J55 shall be the legal and beneficial owner of the Enthusiast Shares transferred pursuant to this Section 2.3 and J55 shall be added to the register of holders of Enthusiast Shares accordingly;

(b) **Exchange of Enthusiast Shares for Consideration Shares.**

All Enthusiast Shares, other than those referred to in Section 2.3 shall be exchanged on the following basis:

- (i) all such Enthusiast Shares shall be transferred, free and clear of any Liens, to J55, solely in exchange for the issue by J55 to the Enthusiast Shareholders in respect of such Enthusiast Shares of the Consideration Shares, subject to Section 2.3 hereof; and
- (ii) upon completion of the exchanges referred to in this Section 2.3(b), each Enthusiast Shareholder: shall cease to be such a holder of Enthusiast Shares; shall, if a registered holder, have such holder's name removed from the register of holders of Enthusiast Shares; shall be a holder of the Consideration Shares to which such holder is entitled as a result of such exchanges; and, if a registered holder, shall have its name added to the register of holders of J55 Shares accordingly; and J55 shall be the legal and beneficial owner of the Enthusiast Shares transferred pursuant to this Section 2.3(b) and J55 shall be added to the register of holders of Enthusiast Shares accordingly.

(c) **Exchange of Enthusiast Options.**

All Enthusiast Options outstanding as of the Effective Time shall be exchanged on the following basis:

- (i) each Enthusiast Option outstanding at the Effective Time (whether vested or unvested) will be exchanged for a Replacement Option to acquire such number of J55 Shares as is equal to: (A) that number of Enthusiast Shares that were issuable upon exercise of such Enthusiast Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of J55 Shares, at an exercise

price per J55 Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Enthusiast Share at which such Enthusiast Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, shall be the same as the Enthusiast Option for which it was exchanged, and any certificate or option agreement previously evidencing the Enthusiast Option shall thereafter evidence and be deemed to evidence such Replacement Option.

ARTICLE 3

ENTHUSIAST WARRANTS

3.1 Enthusiast Warrants

In accordance with the terms of the applicable warrant certificate and/or agreement governing the applicable Enthusiast Warrants, each holder of an Enthusiast Warrant shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Enthusiast Warrant, in lieu of Enthusiast Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of J55 Shares, which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Enthusiast Shares to which such holder would have been entitled if such holder had exercised such holder's Enthusiast Warrants immediately prior to the Effective Time. Each Enthusiast Warrant shall continue to be governed by and be subject to the terms of the applicable Enthusiast Warrant certificate and/or agreement, subject to any supplemental exercise documents issued by J55 to holders of Enthusiast Warrants to facilitate the exercise of the Enthusiast Warrants and the payment of the corresponding portion of the exercise price.

3.2 Exercise of Enthusiast Warrants Post-Effective Time

Upon any valid exercise of an Enthusiast Warrant after the Effective Time, Enthusiast shall: (i) deliver or cause to be delivered, the J55 Shares needed to settle such exercise, and (ii) cause J55 shall to issue the necessary number of J55 Shares necessary to settle such exercise.

ARTICLE 4

ENTHUSIAST CONVERTIBLE DEBENTURES

In accordance with the terms of the applicable certificate and/or agreement governing the applicable Enthusiast Convertible Debentures, each Enthusiast Convertible Debenture shall continue to be governed by and be subject to the terms of the applicable Enthusiast Convertible Debenture certificate and/or agreement such that upon any valid conversion and/or redemption of an Enthusiast Convertible Debenture after the Effective Time, J55 shall issue the necessary number of J55 Shares as may be applicable to give effect to any valid conversion and/or redemption pursuant to the terms and conditions of the Enthusiast Convertible Debentures.

ARTICLE 5 RIGHTS OF DISSENT

5.1 Rights of Dissent

Enthusiast Shareholders may exercise dissent rights (“**Dissent Rights**”) in connection with the Arrangement pursuant to and in the manner set forth in Section 185 of the OBCA, and in this Section 5.1, as the same may be modified by the Interim Order or the Final Order; provided that, notwithstanding subsection 185(6) of the OBCA, the written objection to the Enthusiast Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by Enthusiast not later than 5:00 p.m. (Toronto time) on the second Business Day preceding the date of the Enthusiast Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall be deemed to have transferred the Enthusiast Shares held by them, and in respect of which Dissent Rights have been validly exercised, to J55 free and clear of all Liens, as provided in Section 2.3(a) and if they:

- (a) ultimately are entitled to be paid fair value for such Enthusiast Shares shall be deemed to have transferred such shares to J55 on the Effective Date pursuant to Section 2.3(a) and shall not be entitled to any other payment or consideration; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Enthusiast Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Enthusiast Shareholder.

5.2 Recognition of Dissenting Holders.

- (a) In no circumstances shall J55, Enthusiast or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the holder of those Enthusiast Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall J55, Enthusiast or any other Person be required to recognize Dissenting Holders as holders of Enthusiast Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(a), and the names of such Dissenting Holders shall be removed from the registers of holders of Enthusiast Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(a) occurs. In addition to any other restrictions under Section 185 of the OBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Enthusiast Options, (ii) holders of Enthusiast Warrants, and (iii) Enthusiast Shareholders who vote or have instructed a proxyholder to vote such Enthusiast Shares in favour of the Enthusiast Arrangement Resolution.

ARTICLE 6 CERTIFICATES AND PAYMENTS

6.1 Payment of Consideration Shares.

- (a) J55 shall, following receipt of the Final Order and prior to the Effective Time, deliver or cause to be delivered to the Depositary in escrow pending the Effective Time, certificates representing the Consideration Shares issued pursuant to the Arrangement, and any treasury directions addressed to J55's transfer agent as may be necessary.
- (b) Upon surrender to the Depositary for cancellation of a certificate, which immediately prior to the Effective Time represented outstanding Enthusiast Shares transferred pursuant to Section 2.3(b) together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of Enthusiast Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, a certificate representing that number of Consideration Shares which such holder has the right to receive under the Arrangement for such Enthusiast Shares, rounded down to the nearest whole number in accordance with Section 0, and less any amounts withheld pursuant to Section 6.5 .
- (c) Until surrendered as contemplated by this Section 0, each certificate that immediately prior to the Effective Time represented Enthusiast Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a certificate representing the number of Consideration Shares under the Arrangement in lieu of such certificate as contemplated in this Section 0, rounded down to the nearest whole number in accordance with Section 0, and less any amounts withheld pursuant to Section 6.5. Any such certificate formerly representing Enthusiast Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Enthusiast Shares of any kind or nature against or in Enthusiast or J55. On such date, all Consideration Shares to which such former holder was entitled shall be deemed to have been surrendered to J55.

6.2 Dividends and other Distributions.

No dividends or other distributions declared or made on or after the Effective Date with respect to the Consideration Shares with a record date on or after the Effective Date shall be paid to the holder of any certificates formerly representing outstanding Enthusiast Shares which are not surrendered pursuant to Section 0 unless and until the certificate representing such Enthusiast Shares, and such additional documents and instruments as the Depositary may reasonably require, shall be surrendered and delivered in accordance with Section 0. Subject to applicable law and to Section 6.5, at the time of such surrender and delivery of any such certificate, together with such additional documents and instruments as the Depositary may reasonably require (or, in the case of clause (b) below, at the appropriate payment date), there shall be paid to the holder of the Consideration Shares resulting from such exchange, in all cases without

interest, (a) the amount of dividends or other distributions with a record date on or after the Effective Date theretofore paid with respect to such Consideration Shares, and (b) the amount of dividends or other distributions with a record date on or after the Effective Date but prior to surrender and a payment date subsequent to surrender payable with respect to such Consideration Shares.

6.3 No Fractional Shares

In no event shall any holder of Enthusiast Shares be entitled to a fractional Consideration Share. Where the aggregate number of Consideration Shares to be issued to a person under or as a result of the Arrangement would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be received by such securityholder shall be rounded down to the nearest whole Consideration Share and no person will be entitled to any compensation in respect of a fractional Consideration Share.

6.4 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Enthusiast Shares that were transferred pursuant to Section 2.3(b) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Consideration Shares (together with any dividends or distributions with respect thereto pursuant to Section 6.2) deliverable in respect thereof pursuant to Section 2.3(b) in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom certificates representing Consideration Shares are to be issued shall, as a condition precedent to the delivery of such certificates, give a bond satisfactory to J55 and the Depositary (acting reasonably) in such sum as J55 may direct, or otherwise indemnify J55 and Enthusiast in a manner satisfactory to J55 and Enthusiast, acting reasonably, against any claim that may be made against J55 or Enthusiast with respect to the certificate alleged to have been lost, stolen or destroyed.

6.5 Withholding Rights.

J55, Enthusiast and the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 5.1), such amounts as the Parties or the Depositary determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority.

6.6 No Liens.

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

6.7 Paramountcy.

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Enthusiast Securities issued prior to the Effective Time, (b) the rights and obligations of the Enthusiast Securityholders, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Enthusiast Securities shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 7 AMENDMENTS

7.1 Amendments to Plan of Arrangement.

- (a) Enthusiast and J55 may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by J55 on the one hand and Enthusiast on the other hand, each acting reasonably, (iii) filed with the Court and, if made following the Enthusiast Meeting, approved by the Court, and (iv) communicated to holders of Enthusiast Shares if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Enthusiast at any time prior to the Enthusiast Meeting (provided that J55 shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Enthusiast Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Enthusiast Meeting shall be effective only if (i) it is consented to in writing by each of Enthusiast and J55 (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Enthusiast Shareholders voting in the manner directed by the Court.

ARTICLE 8 FURTHER ASSURANCES

8.1 Further Assurances.

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and

execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

SCHEDULE B
FORM OF ENTHUSIAST ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement ("Arrangement") under Section 182 of the *Business Corporations Act* (Ontario) involving Enthusiast ("Enthusiast"), pursuant to the arrangement agreement among Enthusiast, J55 Capital Corp ("J55") and Aquilini GameCo Inc. ("GameCo") dated May 30, 2019, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "Arrangement Agreement"), all as more particularly described and set forth in the management information circular of Enthusiast dated ●, 2019 (the "Circular") and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement of Enthusiast, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "Plan of Arrangement"), the full text of which is set out as Schedule ● to the Circular, be and is hereby authorized, approved and adopted.
3. The Arrangement Agreement and all transactions contemplated therein, and the actions of the directors of Enthusiast in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of Enthusiast in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto and causing the performance by Enthusiast of its obligations thereunder, be and are hereby confirmed, ratified, authorized and approved.
4. Enthusiast is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) (the "Court") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).
5. Notwithstanding that this resolution has been duly passed (and the Arrangement adopted) by the shareholders of Enthusiast or that the Arrangement has been approved by the Court, the directors of Enthusiast be and are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Enthusiast (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and to revoke this resolution at any time prior to the Effective Time (as defined in the Arrangement Agreement).
6. Any director or officer of Enthusiast is hereby authorized, for and on behalf of Enthusiast, to execute, with or without the corporate seal and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement, the completion of the Arrangement and related transactions in

accordance with the Arrangement Agreement and the matters authorized hereby, including, without limitation, (i) all actions required to be taken by or on behalf of Enthusiast, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities and (ii) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Enthusiast, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF ENTHUSIAST

- (1) **Organization and Qualification.** Enthusiast and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary power and authority to own its property and assets and to conduct its business as now owned and conducted. Enthusiast and each of its subsidiaries is duly qualified to conduct business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast.
- (2) **Authority Relative to this Agreement.** Enthusiast has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be entered into by Enthusiast as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery and performance of this Agreement, the Arrangement and all other agreements and instruments to be entered into by Enthusiast as contemplated by this Agreement and the consummation by Enthusiast of the transactions contemplated hereunder and thereunder have been duly authorized by the Enthusiast Board and, except for obtaining the Enthusiast Shareholder Approval, the Interim Order and the Final Order in the manner contemplated herein, the approval of the Enthusiast Board of the Enthusiast Circular and other matters relating thereto and the filing of the Articles of Arrangement with the Director, no other corporate proceedings on the part of Enthusiast are necessary to authorize this Agreement, the Arrangement or any other agreements or instruments to be entered into by Enthusiast as contemplated by this Agreement. This Agreement has been duly executed and delivered by Enthusiast and constitutes a legal, valid and binding obligation of Enthusiast, enforceable against Enthusiast in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (3) **No Violation.** Except as disclosed in Section (3) of the Enthusiast Disclosure Letter and subject to the receipt of any Regulatory Approvals, neither the authorization, execution and delivery of this Agreement by Enthusiast nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance by Enthusiast of its obligations hereunder or thereunder, nor compliance by Enthusiast with any of the provisions hereof or thereof will (or would with the giving of notice, the lapse of time or both, or the happening of any other event or condition):
 - (a) result in a violation or breach of, constitute a default under, conflict with or require any consent or approval to be obtained or notice to be given under, any provision of:
 - (i) its or any of its subsidiaries' constating documents;

- (ii) any Material Contract of Enthusiast or any material Authorization to which Enthusiast or any of its subsidiaries is a party or to which Enthusiast or any of its subsidiaries' properties or assets are bound; or
 - (iii) any Laws, regulation, order, judgment or decree applicable to Enthusiast or any of its subsidiaries or its or their properties or assets;
 - (b) give rise to any right of purchase or sale, right of first refusal or right of first offer, trigger any change in control provision or any restriction or limitation under, any provision of any Material Contract of Enthusiast or any material Authorization to which Enthusiast or any of its subsidiaries is a party or to which Enthusiast or any of its subsidiaries' properties or assets are bound;
 - (c) give rise to any right of termination, cancellation, suspension or acceleration, allow any Person to exercise any material right, or cause or permit the termination, cancellation, suspension, acceleration or other change of any material right or obligation or the loss of any material benefit to which Enthusiast or one of its subsidiaries is entitled under, any provision of any Material Contract of Enthusiast or any material Authorization to which Enthusiast or any of its subsidiaries is a party or to which Enthusiast or any of its subsidiaries' properties or assets are bound; or
 - (d) result in the imposition of any Lien upon any of the property or assets of Enthusiast or any of its subsidiaries (whether owned or leased), or restrict, hinder, impair or limit the ability of Enthusiast or any of its subsidiaries to conduct its business as and where it is now being conducted, except as would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast.
- (4) **Governmental Approvals.** The execution, delivery and performance by Enthusiast of its obligations under this Agreement and the consummation by Enthusiast of the Arrangement and the other transactions contemplated by this Agreement do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by Enthusiast or by any of its subsidiaries other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the OBCA; (iv) compliance with any applicable Securities Laws and stock exchange rules and regulations; (v) any Regulatory Approvals; and (vi) any Authorization, action, filing or notification which if not obtained or made as would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast or significantly impede the ability of Enthusiast to consummate the Arrangement or the other transactions contemplated by this Agreement.
- (5) **Capitalization.**
- (a) The authorized share capital of Enthusiast consists of an unlimited number of Enthusiast Shares. As of the date hereof, there were issued and outstanding 50,496,802 Enthusiast Shares.

- (b) Except for the Enthusiast Options, Enthusiast Warrants and Enthusiast Convertible Debentures and as otherwise disclosed in the Enthusiast Disclosure Letter, there are no options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Enthusiast of any securities of Enthusiast (including Enthusiast Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Enthusiast (including Enthusiast Shares). As of the date hereof, there were outstanding: (i) 4,545,274 Enthusiast Options exercisable into 4,545,274 Enthusiast Shares, (ii) 18,080,237 Enthusiast Warrants exercisable into 18,080,237 Enthusiast Shares and an aggregate principal amount of \$9,000,000 Enthusiast Convertible Debentures.
 - (c) All outstanding Enthusiast Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Enthusiast Shares issuable upon the exercise or conversion, as applicable, of Enthusiast Options, Enthusiast Warrants and Enthusiast Convertible Debentures in accordance with their respective terms have been duly reserved and authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Enthusiast (including the Enthusiast Shares, the Enthusiast Options, the Enthusiast Warrants and the Enthusiast Convertible Debentures) have been issued in compliance with all applicable Laws and Securities Laws and U.S. Securities Laws to the extent they are applicable. The issuances of all outstanding Enthusiast Options, Enthusiast Warrants and Enthusiast Convertible Debentures have been recorded on Enthusiast's financial statements in accordance with IFRS and no such grants involved any "back dating", "forward dating", "spring loading" or similar practices.
 - (d) There are no securities of Enthusiast or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Enthusiast Shares on any matter. There are no outstanding contractual or other obligations of Enthusiast to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Enthusiast or any of its subsidiaries having the right to vote with the holders of the outstanding Enthusiast Shares on any matters.
- (6) **Ownership of Subsidiaries.**
- (a) Section (6) of the Enthusiast Disclosure Letter includes complete and accurate lists of all subsidiaries owned, directly or indirectly, by Enthusiast, each of which is wholly-owned except as disclosed in Section (6) of the Enthusiast Disclosure Letter. All of the issued and outstanding shares and other ownership interests in

the subsidiaries of Enthusiast are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable, and all such shares and other ownership interests held directly or indirectly by Enthusiast are legally and beneficially owned free and clear of all Liens (other than Permitted Liens), and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares or other ownership interests in or material assets or properties of any of the subsidiaries of Enthusiast. There are no Contracts, commitments, understandings or restrictions which require any subsidiaries of Enthusiast to issue, sell or transfer any shares or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares or other ownership interests. There are no outstanding contractual or other obligations of any subsidiary of Enthusiast to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. Except for ownership of equity interests in the subsidiaries listed on Section 6(6) of the Enthusiast Disclosure Letter, Enthusiast, directly or indirectly through any of its subsidiaries or otherwise, does not own any equity interest of any kind in any other Person.

- (b) Except as set forth in Section (6) of the Enthusiast Disclosure Letter, neither Enthusiast nor any of its subsidiaries is a party to any shareholder, pooling, voting trust or other similar agreement or arrangement relating to the issued and outstanding shares in the capital of Enthusiast or any of its subsidiaries or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in Enthusiast or any of its subsidiaries and Enthusiast has not adopted a shareholder rights plan.
- (7) **Reporting Status and Securities Laws Matters.** Enthusiast is a “reporting issuer” or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial and territorial Securities Laws in the provinces of British Columbia, Alberta and Ontario. Enthusiast has not taken any action to cease to be a reporting issuer in any province or territory of Canada. Enthusiast is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of Enthusiast, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Enthusiast Shares are listed on, and Enthusiast is in compliance in all material respects with the rules and policies of, the TSXV. Enthusiast is not subject to regulation by any other stock exchange. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of Enthusiast is in effect, or to the knowledge of Enthusiast, pending or have been threatened and Enthusiast is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. Enthusiast is a “foreign private issuer” within the meaning of Rule 405 of Regulation C under the U.S. Securities Act. Enthusiast is not registered, and is not required to be registered, as an “investment company” pursuant to the United States Investment Company Act of 1940, as amended. The Enthusiast Shares are not registered under Section 12 of the U.S. Exchange Act. None of Enthusiast’s

subsidiaries are subject to any continuous or periodic, or other disclosure requirements, under any securities laws in any jurisdiction.

- (8) **Public Filings.** Enthusiast has timely filed with any Governmental Entity all material forms, reports, schedules, statements and other documents required to be filed under Securities Laws and with the TSXV since June 1, 2018. The documents comprising the Enthusiast Public Disclosure Record, as of their respective dates (or, if amended, as of the date of such amendment), (a) did not contain any Misrepresentation, and (b) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Enthusiast Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the TSXV. Enthusiast has not filed any confidential material change report with any Securities Authorities or the TSXV that at the date of this Agreement remains confidential. There are no outstanding or unresolved comments in comment letters from any Securities Authority or the TSXV with respect to any of the documents comprising the Enthusiast Public Disclosure Record.
- (9) **Financial Statements.** Enthusiast's audited financial statements as at and for the fiscal years ended December 31, 2018 and December 31, 2017 (including the notes thereto) and related MD&A (the "**Enthusiast Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Enthusiast's independent auditors) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of Enthusiast for the dates and periods indicated therein and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Enthusiast on a consolidated basis. There has been no material change in Enthusiast's accounting policies since December 31, 2018. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of Enthusiast or any of its subsidiaries with unconsolidated entities or other Persons which are not reflected in the Enthusiast Financial Statements.
- (10) **Books and Records; Disclosure.** The financial books, records and accounts of Enthusiast and its subsidiaries, if applicable: (i) have been maintained in all material respects in accordance with applicable Laws; (ii) are stated in reasonable detail and accurately and fairly reflect in all material respects the material transactions, acquisitions and dispositions of the assets of Enthusiast and its subsidiaries; and (iii) accurately and fairly reflect in all material respects the basis for the Enthusiast Financial Statements.
- (11) **Minute Books.** The corporate minute books of Enthusiast contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (12) **No Undisclosed Liabilities.** Other than as disclosed in the Enthusiast Public Disclosure Record, neither Enthusiast nor any of its subsidiaries has any material outstanding indebtedness, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and is not party to or bound by any suretyship, guarantee, indemnification

or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other Person, other than (a) those specifically presented in the Enthusiast Financial Statements, (b) those incurred in the ordinary course of business since December 31, 2018 and (c) those incurred in connection with the execution of this Agreement. Section (12) of the Enthusiast Disclosure Letter includes a complete and accurate list of all earn-out payments that are potentially payable now or in the future by Enthusiast and its subsidiaries.

(13) **No Material Change.** Since December 31, 2018:

- (a) Enthusiast and each of its subsidiaries has conducted its business only in the ordinary course of business, excluding matters relating to the Arrangement and the related process and except as disclosed in the Enthusiast Public Disclosure Record;
- (b) there has not occurred any Material Adverse Effect in respect of Enthusiast, or any fact or state of facts, circumstance, change, effect, occurrence or event, that individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of Enthusiast;
- (c) and other than as disclosed in Section (13)(c) of the Enthusiast Disclosure Letter, there has not been any material increase in or modification of the compensation payable to or to become payable by Enthusiast or any of its subsidiaries to any of their respective directors or officers or any grant to any such director or officer of any increase in severance or termination pay or any increase or modification of any Employee Plans of Enthusiast or its subsidiaries (including the granting of Enthusiast Options pursuant to the Enthusiast Stock Option Plan) made to, for or with any of such directors or officers.

(14) **Litigation.** Other than as disclosed in Section (14) of the Enthusiast Disclosure Letter, there is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation against or involving Enthusiast or any of its subsidiaries or any of their respective properties or assets pending or, to the knowledge of Enthusiast, threatened which, if adversely determined, would reasonably be expected to have a Material Adverse Effect in respect of Enthusiast or would significantly impede the ability of Enthusiast to consummate the Arrangement and, to the knowledge of Enthusiast, no event has occurred which would reasonably be expected to give rise to any such claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation. Except as disclosed in Section (14) of the Enthusiast Disclosure Letter, neither Enthusiast, its subsidiaries nor any of its or their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to Enthusiast and its subsidiaries taken as a whole.

(15) **Taxes.**

- (a) Enthusiast and each of its subsidiaries has duly and timely filed all Tax Returns required by applicable Law to be filed prior to the date hereof with the

appropriate Governmental Entities and all such Tax Returns are true and correct in all material respects.

- (b) Enthusiast and each of its subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity. Enthusiast and each of its subsidiaries has provided full and adequate provision in accordance with IFRS in Enthusiast's interim financial statements for all Taxes for periods to which they relate which are not yet due and payable. Since the date of such financial statements, no material liability in respect of Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.
- (c) Enthusiast and each of its subsidiaries has withheld and collected all amount of all Taxes required by applicable Law to be withheld or collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.
- (d) There are no material proceedings, investigations, audits or claims now pending against Enthusiast or its subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of Enthusiast, has threatened to assert against Enthusiast or any of its subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith.
- (e) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, Enthusiast or its subsidiaries.
- (f) Enthusiast is a "taxable Canadian corporation" for the purposes of the Tax Act.

(16) **Material Contracts.**

- (a) Section (16) of the Enthusiast Disclosure Letter includes a complete and accurate list of all Material Contracts of Enthusiast and its subsidiaries. Enthusiast has made available in the Enthusiast Data Room true and complete copies of all such Material Contracts.
- (b) Enthusiast and its subsidiaries have performed in all material respects all of their respective obligations required to be performed by them under the Material Contracts of Enthusiast and its subsidiaries. All such Material Contracts are in full force and effect, and Enthusiast or such subsidiary is entitled to all rights and benefits thereunder in accordance with the terms thereof. Neither Enthusiast nor any of its subsidiaries has waived any material rights under such Material Contracts and no material default or breach exists in respect thereof on the part of Enthusiast or its subsidiaries or, to the knowledge of Enthusiast, on the part of any other party thereto, and no event has occurred which, after the giving of

notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.

- (c) All of the Material Contracts of Enthusiast and its subsidiaries are valid and binding obligations of Enthusiast or such subsidiary, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
 - (d) Neither Enthusiast nor any of its subsidiaries has received written notice that any party to a Material Contract of Enthusiast or its subsidiaries, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Enthusiast, no such action has been threatened.
 - (e) Except as disclosed in Section (16) of the Enthusiast Disclosure Letter, no consents, approvals or notices are required to be obtained from, or given to, any third party under any Material Contract of Enthusiast and its subsidiaries in order for Enthusiast to proceed with the execution and delivery of this Agreement and the consummation of the Arrangement and the other transactions contemplated by this Agreement.
- (17) **Authorizations.** Enthusiast and each of its subsidiaries has obtained and is in compliance with all material Authorizations necessary for the ownership, operation and use of the assets of Enthusiast and its subsidiaries or otherwise required in connection with carrying on the business and operations of Enthusiast and its subsidiaries. All such Authorizations are in full force and effect, and, to the knowledge of Enthusiast, no suspension or cancellation thereof has been threatened, except for cancellation of such Authorizations as would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast. There is no action, investigation or proceeding pending or, to the knowledge of Enthusiast threatened, regarding any such Authorizations, which if successful would, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast. None of Enthusiast nor any of its subsidiaries or, to the knowledge of Enthusiast, any of their respective directors or officers, has received any notice, whether written or oral, of revocation or non-renewal or material amendments of any such Authorizations except for revocations, non-renewals or amendments which would not, individually or in the aggregate, have a Material Adverse Effect in respect of Enthusiast. Except as disclosed in Section 17 of the Enthusiast Disclosure Letter, none of such Authorizations will in any way be affected by, or terminate or lapse by reason of, or require notice as a result of, the execution and delivery of this Agreement by Enthusiast or the consummation by Enthusiast of the Arrangement or the other transactions contemplated by this Agreement.
- (18) **Compliance with Laws.**
- (a) Except as disclosed in Section 18 of the Enthusiast Disclosure Letter, the operations of Enthusiast and its subsidiaries have been since June 1, 2018 and are now being conducted in compliance, in all material respects, with Law.

- (b) Enthusiast has not received any written notices or other written correspondence from any Governmental Entity regarding any material violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any material violation) of any Law. To the knowledge of Enthusiast, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law is threatened or contemplated.
- (c) The operations of Enthusiast and each of its subsidiaries are and have been conducted at all times in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements of the *Canadian Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, as amended, the *U.S. Currency and Foreign Transactions Reporting Act of 1970*, as amended, and the money laundering statutes of all other applicable jurisdictions and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, “**Money Laundering Laws**”) and no Claim by or before any Governmental Entity involving Enthusiast or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of Enthusiast, threatened.

(19) **Employment and Labour Matters.**

- (a) Except as disclosed in Section (19) of the Enthusiast Disclosure Letter, neither Enthusiast nor any of its subsidiaries is: (i) party to any Contract providing for termination notice, payment in lieu of termination notice, change of control payments, or severance payments to, or any employment or consulting agreement with, any director, officer or employee of Enthusiast or any of its subsidiaries other than such arising from any applicable Law; and (ii) party to any collective bargaining or subject to any application for certification or, to the knowledge of Enthusiast, threatened union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, pending, or, to the knowledge of Enthusiast, threatened strikes or lockouts at Enthusiast or any of its subsidiaries.
- (b) There are no labour disputes, strikes, organizing activities or work stoppages against Enthusiast or any of its subsidiaries pending, or to knowledge of Enthusiast, threatened.
- (c) Except as disclosed in Section (19) of the Enthusiast Disclosure Letter, the execution, delivery and performance of this Agreement and the consummation of the Arrangement by Enthusiast will not result in the acceleration of the time of payment, funding or vesting of entitlements otherwise available under any Employee Plan of Enthusiast or any of its subsidiaries.
- (d) Enthusiast has been and is now in compliance, in all material respects, with all terms and conditions of employment, with respect to employment and labour, including, wages, hours of work, overtime, human rights, occupational health and safety and workers compensation, and except as disclosed in Section (19) of

the Enthusiast Disclosure Letter, there are no current, or, to the knowledge of the Enthusiast, pending or threatened proceedings (including grievances, arbitration, applications or pending applications) before any Governmental Entity or labour arbitrator with respect to any of the foregoing Employee Plans of Enthusiast or its subsidiaries (other than routine claims for benefits).

- (e) To the knowledge of Enthusiast, no executive or manager (A) has any present intention to terminate their employment, or (B) is a party to any confidentiality, non-competition, proprietary rights or other such agreement with any other Person besides Enthusiast or its subsidiaries which would impede the business, be material to the performance of such employee's employment duties, or the ability of Enthusiast, or J55 to conduct the business.
- (f) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to the any provincial workers' compensation statute or regulation, and neither Enthusiast nor any of its subsidiaries has been reassessed in any material respect under such statute or regulation during the past three (3) years and, to the knowledge of Enthusiast, no audit of Enthusiast or its subsidiaries is currently being performed pursuant to any provincial workers' compensation statute or regulation, and, to the knowledge of Enthusiast, there are no claims or potential claims which may materially adversely affect Enthusiast's or any of its subsidiaries' accident cost experience in respect of the business.
- (g) To the knowledge of Enthusiast, each independent contractor engaged by Enthusiast has been properly classified by Enthusiast as an independent contractor and Enthusiast has not received any notice from any Governmental Entity disputing such classification.
- (h) Section (19) of the Enthusiast Disclosure Letter lists all material Employee Plans of Enthusiast and its subsidiaries. Enthusiast has made available in the Enthusiast Data Room true and complete copies of all such Employee Plans as amended.
- (i) Except as disclosed in Section (19) of the Enthusiast Disclosure Letter, no Employee Plan of Enthusiast or its subsidiaries contains or has ever contained a "defined benefit provision" as such term is defined in subsection 147.1 of the Tax Act.
- (j) All Employee Plans of Enthusiast and its subsidiaries are and have been established, registered, funded and administered in all material respects in (i) accordance with applicable Laws and (ii) in accordance with their terms. To the knowledge of Enthusiast, no fact or circumstance exists which could adversely affect the registered status of any such Employee Plan.
- (k) All contributions, premiums or taxes required to be made or paid by Enthusiast or its subsidiaries under the terms of each Employee Plan of Enthusiast or its subsidiaries or by applicable Laws have been made in a timely fashion, and no

Employee Plan has a deficit, or Enthusiast and its subsidiaries have made full and adequate disclosure of and provision for such amounts in the books and records.

- (l) None of the Employee Plans provide for post-retirement or post-termination benefits, or supplemental pension benefits, to employees, directors or officers or former employees, directors or officers of Enthusiast or its subsidiaries, or to their dependents or beneficiaries.

(20) **Intellectual Property.**

- (a) Enthusiast and its subsidiaries own all right, title and interest in and to, or is validly licensed (and are not in material breach of such licenses), all Intellectual Property that is material to the conduct of the business, as currently conducted, of Enthusiast and its subsidiaries (collectively, the “**Enthusiast Intellectual Property Rights**”). All such Enthusiast Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as currently conducted, of Enthusiast and its subsidiaries, and to the knowledge of Enthusiast, all such Enthusiast Intellectual Property Rights are valid and enforceable (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors’ rights generally), and do not infringe upon the Intellectual Property rights of any third party. To the knowledge of Enthusiast, no Person is currently infringing upon any of the Enthusiast Intellectual Property Rights in any material respect.
- (b) Section (20) of the Enthusiast Disclosure Letter sets out a complete and accurate list of all domain names and IP addresses of Enthusiast and its subsidiaries’.

(21) **Software and Technology.**

- (a) To the knowledge of Enthusiast, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Enthusiast, the computer and data processing systems, facilities and services used by Enthusiast or its subsidiaries are substantially free of any material defects, bugs, errors and do not contain any disabling codes or instructions, spyware, Trojan horses, worms, viruses, time locks, backdoors or other software routines that permit or cause unauthorized access to, or disruption, impairment, disablement, or destruction of, software, data and any other intentionally created, undocumented contaminant that may, or may be used to, access, modify, delete, damage or disable any hardware, system or data (“**Unauthorized Code**”).
- (b) Section (21) of the Enthusiast Disclosure Letter sets forth a list of all software owned by Enthusiast and its subsidiaries and used by Enthusiast and its subsidiaries in the ordinary course of business (the “**Enthusiast Software**”) and all third-party software used or embedded in the Enthusiast Software and a list of all material third-party software used in the ordinary course of business. Other than as disclosed in Section (21) of the Enthusiast Disclosure Letter, none of the

Enthusiast Software that is material to the business of Enthusiast contains any open source, copy left or community source code, including any libraries or code licensed under the General Public License, Lesser General Public License or any other license agreement or arrangement obliging vendors to make source code publicly available, whether or not approved by the Open Source Initiative. Other than as disclosed in Section (21) of the Enthusiast Disclosure Letter, to the knowledge of the Enthusiast, the Enthusiast Software does not contain any Unauthorized Code.

- (c) Other than as disclosed in Section (21) of the Enthusiast Disclosure Letter, Enthusiast and its subsidiaries have in their possession copies of source code for all the Enthusiast Software or any licensed to, or held for use or used by, Enthusiast and its subsidiaries in connection with the ordinary course of business. Enthusiast and its subsidiaries have treated such Enthusiast Software as confidential and proprietary business information and have taken all reasonable steps to protect the same as their trade secrets. Such source code is fully documented in a manner that a reasonably skilled programmer could understand, modify, compile and otherwise utilize all aspects of the related computer programs without reference to other sources of information.
- (22) **Insurance.** Policies of insurance are in force naming Enthusiast or a subsidiary of Enthusiast as an insured that adequately covers all risks as are customarily covered by businesses in the industry in which Enthusiast and its subsidiaries operate and Enthusiast and its subsidiaries are in compliance in all material respects with the requirements of such policies. Enthusiast has made available in the Enthusiast Data Room a summary listing all such policies that are material to Enthusiast. All such policies remain in full force and effect. Neither Enthusiast nor any of its subsidiaries have failed to promptly provide notice with respect to any material claims under any such policies.
- (23) **Related Party Transactions.** Other than as disclosed in the Enthusiast Public Disclosure Record and other than employment or compensation arrangements entered into in the ordinary course of business, no director, officer, employee, independent contractor or agent of Enthusiast or any of its subsidiaries or a holder of record or beneficial owner of 10% or more of the Enthusiast Shares or an associate or an affiliate of any such Person, is a party to, or beneficiary of, any loan, guarantee, Contract, arrangement or understanding or other transaction with Enthusiast or any of its subsidiaries.
- (24) **Restrictions on Business.** There is no Contract or Authorization binding upon Enthusiast or any of its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of Enthusiast or any of its affiliates or the conduct of business by Enthusiast or any of its affiliates (including following consummation of the Arrangement) other than any Contract or Authorization containing any such prohibition or restriction which has not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect in respect of Enthusiast.

- (25) **Brokers.** Other than as disclosed in Section (25) of the Enthusiast Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Enthusiast.
- (26) **Minority Approval.** Other than as disclosed in Section (26) of the Enthusiast Disclosure Letter, to the knowledge of Enthusiast, no related party of Enthusiast (within the meaning of MI 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding Enthusiast Shares, except for related parties who will not receive a "collateral benefit" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement.
- (27) **Opinion of Financial Advisor.** The Enthusiast Board has received the Enthusiast Fairness Opinion.
- (28) **Board Approval.** As of the date hereof, the Enthusiast Board, after consultation with its legal and financial advisors, has unanimously: (i) determined that the Arrangement is in the best interests of Enthusiast; (ii) resolved to unanimously recommend that the Enthusiast Shareholders vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by Enthusiast of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF J55

- (1) **Organization and Qualification.** J55 and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary power and authority to own its property and assets and to conduct its business as now owned and conducted. J55 and each of its subsidiaries is duly qualified to conduct business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55.
- (2) **Authority Relative to this Agreement.** J55 has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be entered into by J55 as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery and performance of this Agreement, the Arrangement and all other agreements and instruments to be entered into by J55 as contemplated by this Agreement and the consummation by J55 of the transactions contemplated hereunder and thereunder have been duly authorized by the J55 Board and, except for obtaining the J55 Shareholder Approval and the approval of the J55 Board of the J55 Circular, no other corporate proceedings on the part of J55 are necessary to authorize this Agreement, the Arrangement or any other agreements or instruments to be entered into by J55 as contemplated by this Agreement. This Agreement has been duly executed and delivered by J55 and constitutes a legal, valid and binding obligation of J55, enforceable against J55 in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (3) **No Violation.** Other than as disclosed in Section (3) of the J55 Disclosure Letter and subject to the receipt of the Regulatory Approvals, neither the authorization, execution and delivery of this Agreement by J55 nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance by J55 of its obligations hereunder or thereunder, nor compliance by J55 with any of the provisions hereof or thereof will (or would with the giving of notice, the lapse of time or both, or the happening of any other event or condition):
 - (a) result in a violation or breach of, constitute a default under, conflict with or require any consent or approval to be obtained or notice to be given under, any provision of:
 - (i) its or any of its subsidiaries' constating documents;
 - (ii) any Material Contract of J55 or any material Authorization to which J55 or any of its subsidiaries is a party or to which J55 or any of its subsidiaries' properties or assets are bound; or

- (iii) any Laws, regulation, order, judgment or decree applicable to J55 or any of its subsidiaries or its or their properties or assets;
 - (b) give rise to any right of purchase or sale, right of first refusal or right of first offer, trigger any change in control provision or any restriction or limitation under, any provision of any Material Contract of J55 or any material Authorization to which J55 or any of its subsidiaries is a party or to which J55 or any of its subsidiaries' properties or assets are bound;
 - (c) give rise to any right of termination, cancellation, suspension or acceleration, allow any Person to exercise any material right, or cause or permit the termination, cancellation, suspension, acceleration or other change of any material right or obligation or the loss of any material benefit to which J55 or one of its subsidiaries is entitled under, any provision of any Material Contract of J55 or any material Authorization to which J55 or any of its subsidiaries is a party or to which J55 or any of its subsidiaries' properties or assets are bound; or
 - (d) result in the imposition of any Lien upon any of the property or assets of J55 or any of its subsidiaries (whether owned or leased), or restrict, hinder, impair or limit the ability of J55 or any of its subsidiaries to conduct its business as and where it is now being conducted, except as would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55.
- (4) **Governmental Approvals.** The execution, delivery and performance by J55 of its obligations under this Agreement and the consummation by J55 of the Arrangement and the other transactions contemplated by this Agreement do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by J55 or by any of its subsidiaries other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the OBCA; (iv) compliance with any applicable Securities Laws and stock exchange rules and regulations; (v) the Regulatory Approvals; and (vi) any Authorization, action, filing or notification which if not obtained or made as would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55 or significantly impede the ability of J55 to consummate the Arrangement or the other transactions contemplated by this Agreement.
- (5) **Capitalization.**
- (a) The authorized share capital of J55 consists of an unlimited number of J55 Shares and an unlimited number of preferred shares. As of the date hereof, there were issued and outstanding 19,000,000 J55 Shares and no preferred shares.
 - (b) Except for the 400,000 J55 Warrants and 1,710,000 J55 Options and 190,000 J55 Charitable Option and other than in connection with the RTO, there are no options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by J55 of any securities of J55

(including J55 Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of J55 (including J55 Shares). Section 5(b) of the J55 Disclosure Letter sets out the estimated pro forma capitalization of J55 immediately following the completion of the RTO.

- (c) All outstanding J55 Shares have been duly authorized and validly issued, are fully paid and non-assessable. All securities of J55 (including the J55 Shares, J55 Warrants, J55 Options and J55 Charitable Options) have been issued in compliance with all applicable Laws and Securities Laws.
- (d) There are no securities of J55 or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding J55 Shares on any matter. There are no outstanding contractual or other obligations of J55 to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of J55 or any of its subsidiaries having the right to vote with the holders of the outstanding J55 Shares on any matters.

(6) Ownership of Subsidiaries.

- (a) Section (6) of the J55 Disclosure Letter includes complete and accurate lists of all subsidiaries owned, directly or indirectly, by J55, each of which is wholly-owned except as disclosed in Section (6) of the J55 Disclosure Letter. All of the issued and outstanding shares and other ownership interests in the subsidiaries of J55 are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable, and all such shares and other ownership interests held directly or indirectly by J55 are legally and beneficially owned free and clear of all Liens (other than Permitted Liens), and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares or other ownership interests in or material assets or properties of any of the subsidiaries of J55. There are no Contracts, commitments, understandings or restrictions which require any subsidiaries of J55 to issue, sell or transfer any shares or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares or other ownership interests. There are no outstanding contractual or other obligations of any subsidiary of J55 to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. Except for ownership of equity interests the subsidiaries listed on Section (6) of the J55 Disclosure Letter, J55, directly or indirectly through any of its subsidiaries or otherwise, does not own any equity interest of any kind in any other Person.
- (b) Other than as disclosed in Section (6)(b) of the J55 Disclosure Letter, neither J55 nor any of its subsidiaries is a party to any shareholder, pooling, voting trust or

other similar agreement or arrangement relating to the issued and outstanding shares in the capital of J55 or any of its subsidiaries or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in J55 or any of its subsidiaries and J55 has not adopted a shareholder rights plan.

- (7) **Consideration Shares.** The Consideration Shares to be issued pursuant to the Arrangement and the Underlying Shares, have been duly authorized and reserved for issuance and, upon issuance, will be validly issued as fully paid and non-assessable shares in the capital of J55.
- (8) **Reporting Status and Securities Laws Matters.** J55 is a “reporting issuer” or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial and territorial Securities Laws in each of the provinces of British Columbia, Alberta and Ontario. J55 has not taken any action to cease to be a reporting issuer in any province or territory of Canada. J55 is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of J55, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The J55 Shares are listed on, and J55 is in compliance in all material respects with the rules and policies of, the TSXV. J55 is not subject to regulation by any other stock exchange. Other than the trading halt in connection with the RTO, no delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of J55 is in effect, or to the knowledge of J55, pending or have been threatened and J55 is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The J55 Shares are not registered under Section 12 of the U.S. Exchange Act. None of J55’s subsidiaries are subject to any continuous or periodic, or other disclosure requirements, under any securities laws in any jurisdiction.
- (9) **Public Filings.** J55 has timely filed with any Governmental Entity all material forms, reports, schedules, statements and other documents required to be filed under Securities Laws and with the TSXV since June 27, 2018. The documents comprising the J55 Public Disclosure Record, as of their respective dates (or, if amended, as of the date of such amendment), (a) did not contain any Misrepresentation, and (b) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the J55 Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities and with the TSXV. J55 has not filed any confidential material change report with any Securities Authorities or the TSXV that at the date of this Agreement remains confidential. There are no outstanding or unresolved comments in comment letters from any Securities Authority or the TSXV with respect to any of the documents comprising the J55 Public Disclosure Record.
- (10) **Financial Statements.** J55’s audited financial statements as at and for the fiscal year ended December 31, 2018 (including the notes thereto) and related MD&A (the “**J55 Financial Statements**”) were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of J55’s independent auditors) and present fairly, in all material

respects, the consolidated financial position, financial performance and cash flows of J55 for the dates and periods indicated therein and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of J55 on a consolidated basis. There has been no material change in J55's accounting policies since December 31, 2018. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of J55 or any of its subsidiaries with unconsolidated entities or other Persons which are not reflected in the J55 Financial Statements.

- (11) **Books and Records; Disclosure.** The financial books, records and accounts of J55 and its subsidiaries: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect in all material respects the material transactions, acquisitions and dispositions of the assets of J55 and its subsidiaries; and (iii) accurately and fairly reflect in all material respects the basis for the J55 Financial Statements.
- (12) **Minute Books.** The corporate minute books of J55 contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (13) **No Undisclosed Liabilities.** Neither J55 nor any of its subsidiaries has any material outstanding indebtedness, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other Person, other than (a) those specifically presented in the J55 Financial Statements, (b) those incurred in the ordinary course of business since December 31, 2018 and (c) those incurred in connection with the execution of this Agreement.
- (14) **No Material Change.** Since December 31, 2018:
 - (a) J55 and each of its subsidiaries has conducted its business only in the ordinary course of business, excluding matters relating to the Arrangement and the RTO and the related process and except as disclosed in the J55 Public Disclosure Record;
 - (b) there has not occurred any Material Adverse Effect in respect of J55, or any fact or state of facts, circumstance, change, effect, occurrence or event, that individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of J55; and
 - (c) There has not been any material increase in or modification of the compensation payable to or to become payable by J55 or any of its subsidiaries to any of their respective directors or officers or any grant to any such director or officer of any increase in severance or termination pay or any increase or modification of any Employee Plans of J55 or its subsidiaries (including the granting of J55 Options

pursuant to the J55 Option Plan) made to, for or with any of such directors or officers.

- (15) **Litigation.** There is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation against or involving J55 or any of its subsidiaries or any of their respective properties or assets pending or, to the knowledge of J55, threatened which, if adversely determined, would reasonably be expected to have a Material Adverse Effect in respect of J55 or would significantly impede the ability of J55 to consummate the Arrangement and, to the knowledge of J55, no event has occurred which would reasonably be expected to give rise to any such claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation. Except as disclosed in Section (15) of the J55 Disclosure Letter, neither J55, its subsidiaries nor any of its or their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to J55 and its subsidiaries on a consolidated basis.
- (16) **Taxes.**
- (a) J55 and each of its subsidiaries has duly and timely filed all Tax Returns required by applicable Law to be filed prior to the date hereof with the appropriate Governmental Entities and all such Tax Returns are true and correct in all material respects.
 - (b) J55 and each of its subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity. J55 and each of its subsidiaries has provided full and adequate provision in accordance with IFRS in J55's interim financial statements for all Taxes for periods to which they relate which are not yet due and payable. Since the date of such financial statements, no material liability in respect of Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.
 - (c) J55 and each of its subsidiaries has withheld and collected all amount of all Taxes required by applicable Law to be collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.
 - (d) There are no material proceedings, investigations, audits or claims now pending against J55 or its subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of J55, has threatened to assert against J55 or any of its subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith.
 - (e) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, J55 or its subsidiaries.

(f) J55 is a “taxable Canadian corporation” for the purposes of the Tax Act.

(17) **Material Contracts.**

- (a) Section (17) of the J55 Disclosure Letter includes a complete and accurate list of all Material Contracts of J55 and its subsidiaries. J55 has made available in the J55 Data Room true and complete copies of all such Material Contracts.
- (b) J55 and its subsidiaries have performed in all material respects all of their respective obligations required to be performed by them under the Material Contracts of J55 and its subsidiaries. All such Material Contracts are in full force and effect, and J55 or such subsidiary is entitled to all rights and benefits thereunder in accordance with the terms thereof. Neither J55 nor any of its subsidiaries has waived any material rights under such Material Contracts and no material default or breach exists in respect thereof on the part of J55 or its subsidiaries or, to the knowledge of J55, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
- (c) All of the Material Contracts of J55 and its subsidiaries are valid and binding obligations of J55 or such subsidiary, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors’ rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (d) Neither J55 nor any of its subsidiaries has received written notice that any party to a Material Contract of J55 or its subsidiaries, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of J55, no such action has been threatened.
- (e) Other than as disclosed in Section (17) of the J55 Disclosure Letter, no consents, approvals or notices are required to be obtained from, or given to, any third party under any Material Contract of J55 and its subsidiaries in order for J55 to proceed with the execution and delivery of this Agreement and the consummation of the Arrangement and the other transactions contemplated by this Agreement.

- (18) **Authorizations.** J55 and each of its subsidiaries has obtained and is in compliance with all material Authorizations necessary for the ownership, operation and use of the assets of J55 and its subsidiaries or otherwise required in connection with carrying on the business and operations of J55 and its subsidiaries. All such Authorizations are in full force and effect, and, to the knowledge of J55, no suspension or cancellation thereof has been threatened, except for cancellation of such Authorizations as would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55. There is no action, investigation or proceeding pending or, to the knowledge of J55 threatened, regarding any such Authorizations, which if successful would, individually or in the

aggregate, have a Material Adverse Effect in respect of J55. None of J55 nor any of its subsidiaries or, to the knowledge of J55, any of their respective directors or officers, has received any notice, whether written or oral, of revocation or non-renewal or material amendments of any such Authorizations except for revocations, non-renewals or amendments which would not, individually or in the aggregate, have a Material Adverse Effect in respect of J55. None of such Authorizations will in any way be affected by, or terminate or lapse by reason of, or require notice as a result of, the execution and delivery of this Agreement by J55 or the consummation by J55 of the Arrangement or the other transactions contemplated by this Agreement.

- (19) **Compliance with Laws.** J55 has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws, tariffs and directives material to its operation.
- (a) The operations of J55 and its subsidiaries have been since June 27, 2018 and are now being conducted in compliance, in all material respects, with Law.
 - (b) J55 has not received any written notices or other written correspondence from any Governmental Entity regarding any material violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any material violation) of any Law. To the knowledge of J55, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law is threatened or contemplated.
 - (c) The operations of J55 and each of its subsidiaries are and have been conducted at all times in compliance, in all material respects, with Money Laundering Laws and no Claim by or before any Governmental Entity involving J55 or any of its subsidiaries with respect to Money Laundering Laws is pending or, to the knowledge of J55, threatened.
- (20) **Employment and Labour Matters.** Each independent contractor engaged by J55 has been properly classified by J55 as an independent contractor and J55 has not received any notice from any Governmental Entity disputing such classification.
- (21) **Related Party Transactions.** Other than as disclosed in the J55 Public Disclosure Record and other than employment or compensation arrangements entered into in the ordinary course of business, no director, officer, employee, independent contractor or agent of J55 or any of its subsidiaries or a holder of record or beneficial owner of 10% or more of the J55 Shares or an associate or an affiliate of any such Person, is a party to, or beneficiary of, any loan, guarantee, Contract, arrangement or understanding or other transaction with J55 or any of its subsidiaries.
- (22) **Restrictions on Business.** There is no Contract or Authorization binding upon J55 or any of its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of J55 or any of its affiliates or the conduct of business by J55 or any of its affiliates (including following consummation of the Arrangement) other than any Contract or Authorization

containing any such prohibition or restriction which has not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect in respect of J55.

- (23) **Brokers.** Other than as disclosed in Section (23) of the J55 Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of J55. True and complete copies of the Contracts pertaining to the matters set forth in Section (23) of the J55 Disclosure Letter have been made available in the J55 Data Room.
- (24) **No Other Agreements to do Business.** J55 is not in discussions and has not entered into any outstanding proposals, letters of intent, agreements or understandings with any Person, (other than Enthusiast and any subsidiaries thereof) and other than in connection with the RTO and the Proposed Acquisitions) with respect to an amalgamation, merger, business combination or other similar transaction other than the Proposed Acquisitions.
- (25) **Investment Canada Act.** J55 is Canadian-controlled within the meaning of the *Investment Canada Act* (Canada).
- (26) **Minority Approval.** To the knowledge of J55, no related party of J55 (within the meaning of MI 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding J55 Shares, except for related parties who will not receive a "collateral benefit" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement.
- (27) **Board Approval.** As of the date hereof, the J55 Board, after consultation with its legal and financial advisors, has unanimously: (i) determined that the Arrangement is in the best interests of J55; (ii) resolved to unanimously recommend that the J55 Shareholders vote in favour of the J55 Resolutions; and (iii) authorized the entering into of this Agreement and the performance by J55 of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.

SCHEDULE E GOVERNANCE MATTERS

1. Board of Directors

The board of directors of J55 on the Effective Date until the next annual meeting or until their successors are elected or appointed shall be comprised of the following persons:

J55 Nominees:

- a. Francesco Aquilini
- b. Adrian Montgomery
- c. Steve Maida

Enthusiast Nominees:

- a. Menashe Kestenbaum
- b. Alan Friedman
- c. To be determined by Enthusiast

Independent Nominee:

- a. To be determined by Enthusiast and J55

The chairman of the board of directors from the Effective Date shall be Francesco Aquilini.

2. Senior Officers

The following persons will be the senior officers of J55 from the Effective Date:

Chief Executive Officer: Adrian Montgomery
President: Menashe Kestenbaum
President of Luminosity: Steve Maida
President of EGLive: Corey Mandell
Chief Financial Officer: Alex Macdonald
Chief Operating Officer and Senior Vice President of Finance: Eric Bernofsky
Meir Bulua: Chief Information Officer

APPENDIX 18
NOTICE OF APPLICATION

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF
ENTHUSIAST GAMING HOLDINGS INC., J55 CAPITAL CORP., and AQUILINI
GAMECO INC.**



ENTHUSIAST GAMING HOLDINGS INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on **August 29, 2019 at 9:30 a.m.**, or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario and thereafter as directed by the Court.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date July 17, 2019

Issued by



Local registrar
C. Irwin
Registrar

Address of court office 330 University Avenue
7th Floor
Toronto, ON M5G 1R7

TO: ALL HOLDERS OF COMMON SHARES OF ENTHUSIAST GAMING HOLDINGS INC.

AND TO: ALL HOLDERS OF OPTIONS TO PURCHASE COMMON SHARES OF ENTHUSIAST GAMING HOLDINGS INC.

AND TO: ALL HOLDERS OF WARRANTS TO PURCHASE COMMON SHARES OF ENTHUSIAST GAMING HOLDINGS INC.

AND TO: ALL HOLDERS OF CONVERTIBLE DEBENTURES OF ENTHUSIAST GAMING HOLDINGS INC.

AND TO: ALL DIRECTORS OF ENTHUSIAST GAMING HOLDINGS INC.

AND TO: THE AUDITOR FOR ENTHUSIAST GAMING HOLDINGS INC.

**AND TO: J55 CAPITAL CORP.
c/o CLARK WILSON LLP
900-885 West Georgia Street
Vancouver, British Columbia
V6C 3H1**

Nafeesa Valli-Hasham
Tel: (604) 643-3147
Email: NValli-Hasham@cwilson.com

Scott McLeod
Tel: (604) 891-7771
Email: SMcleod@cwilson.com

APPLICATION

1. THE APPLICANT MAKES APPLICATION FOR:

- (a) an interim order (the “**Interim Order**”) for advice and directions pursuant to section 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B. 16, as amended (the “**OBCA**”), authorizing Enthusiast Gaming Holdings Inc. (“**Enthusiast Gaming**”) to convene an annual and special meeting (“**Meeting**”) of the holders of common shares (“**Enthusiast Shares**”) in the capital of Enthusiast Gaming (collectively, the “**Enthusiast Shareholders**” and each individually, an “**Enthusiast Shareholder**”) to consider and vote on a special resolution to approve a plan of arrangement of Enthusiast Gaming under section 182 of the OBCA (the “**Arrangement**”);
- (b) a final order approving the Arrangement pursuant to sections 182(3) and 182(5) of the OBCA;
- (c) an order abridging the time for the service and filing or dispensing with service of the Notice of Application and Application Record, if necessary; and
- (d) such further and other relief as to this Honourable Court seems just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) Enthusiast Gaming is a corporation governed by the provisions of the OBCA, with its registered office located in Toronto, Ontario. Enthusiast Gaming is vertically integrated video game company. The Enthusiast Shares are listed and traded on the TSX Venture Exchange under the symbol “EGLX”;
- (b) J55 Capital Corp. (“**J55**”) is a CPC incorporated under British Columbia’s *Business Corporations Act (British Columbia)*, SBC 2002, c 57 (“**BCBCA**”) whose business is currently focused on the identification and acquisition of new business ventures;

J55 completed its initial public offering as a CPC on December 12, 2018. J55 is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The J55 Shares are listed for trading on the TSXV under the symbol "FIVE.P", but J55 intends to change its name to Enthusiast Gaming Holdings Inc. and trade on the TSXV under the symbol "EGLX" if the Arrangement is approved by the Court;

- (c) on May 30, 2019, J55, Enthusiast Gaming and Aquilini GameCo Inc. entered into an arrangement agreement (the "**Arrangement Agreement**") which sets out the terms of the Arrangement where J55 will, among other things, acquire all of the issued and outstanding shares of Enthusiast Gaming (each, an "**Enthusiast Share**") from the Enthusiast Shareholders in exchange for 4.22 common shares of J55 (each a "**J55 Share**") for each Enthusiast Share held (the "**Exchange Ratio**");
- (d) each outstanding option to purchase Enthusiast Shares (each, an "**Enthusiast Option**"), whether vested or unvested, at the Effective Time (as defined in the draft joint management information circular of Enthusiast Gaming and J55 (the "**Circular**") will be exchanged for a replacement option (each, a "**Replacement Option**") to acquire such number of J55 Shares as is equal to: (A) that number of Enthusiast Shares that were issuable upon exercise of such Enthusiast Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of J55 Shares, at an exercise price per J55 Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Enthusiast Share at which such Enthusiast Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the *Income Tax Act* (Canada). All terms and conditions of a Replacement Option, including the term to expiry, vesting,

conditions to and manner of exercising, shall be the same as the Enthusiast Option for which it was exchanged, and any certificate or option agreement previously evidencing the Enthusiast Option shall thereafter evidence and be deemed to evidence such Replacement Option;

- (e) the other securities of Enthusiast Gaming – Enthusiast Warrants and Enthusiast Debentures (each as defined in the Circular) – are not fundamentally altered by the Arrangement; in summary, the Arrangement Agreement provides that these securities may be exercised following completion of the Arrangement in accordance with their terms – except that a holder thereof will be entitled to receive J55 Shares instead of Enthusiast Shares in an amount adjusted for the Exchange Ratio;
- (f) the Arrangement is an “arrangement” within the meaning of section 182(1) of the OBCA;
- (g) all statutory requirements under section 182 and other applicable provisions of the OBCA either have been fulfilled or will be fulfilled by the return date of this Application;
- (h) the directions set out and the approvals required pursuant to any interim order this Court may grant have been followed and obtained, or will be followed and obtained, by the return date of this Application;
- (i) certain Enthusiast Shareholders are resident outside of Ontario and will be served at their addresses as they appear on the books and records of Enthusiast Gaming pursuant to the terms of the Interim Order and/or Rule 17.02(n) of the *Rules of Civil Procedure*, R.R.O., Reg. 194;

- (j) Reliance will be made upon section 3(a)(10) of the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), which exempts from registration under the U.S. Securities Act those securities that are issued in exchange for bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved after a hearing by a court upon the fairness of such terms and conditions, at which all persons to whom it is proposed to issue securities in exchange shall have the right to appear;
- (k) section 182 of the OBCA;
- (l) National Instrument No. 54-101 - *Communication with Beneficial Owners of the Securities of a Reporting Issuer* of the Canadian Securities Administrators;
- (m) Rules 1.05, 3.02(1), 14.05, 16.04(1), 16.08, 17.02 and 37 and 38 of the *Rules of Civil Procedure*; and
- (n) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) the Affidavit of Eric Bernofsky, to be sworn, and the exhibits thereto;
- (b) a further or supplementary Affidavit to be sworn, and the exhibits thereto, on behalf of Enthusiast Gaming, reporting as to compliance with any Interim Order and the results of the Meeting to be conducted pursuant to such Interim Order; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit

July 17, 2019

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Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF ENTHUSIAST GAMING HOLDINGS INC., J55 CAPITAL CORP., and AQUILINI GAMECO INC.

Court File No. CV-19-623917-0001

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding Commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicant

APPENDIX 19
INTERIM ORDER

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE *CONWAY*)

MONDAY, THE 22nd
DAY OF JULY, 2019

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF
ENTHUSIAST GAMING HOLDINGS INC., J55 CAPITAL CORP., and
AQUILINI GAMECO INC.



ENTHUSIAST GAMING HOLDINGS INC.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Enthusiast Gaming Holdings Inc. ("**Enthusiast Gaming**"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the "**OBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on July 17, 2019 and the Affidavit of Eric Bernofsky sworn July 18, 2019 (the "**Bernofsky Affidavit**"), including the Plan of Arrangement, which is attached as Appendix 17 to the draft joint management information circular of J55 Capital Corp. ("**J55**") and Enthusiast Gaming (the "**Circular**"), which is attached as Exhibit A to the Bernofsky Affidavit, and on hearing the submissions of counsel for Enthusiast Gaming and counsel for J55.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Enthusiast Gaming is permitted to call, hold and conduct a special meeting (the “**Meeting**”) of the holders of voting common shares (the “**Enthusiast Shares**”) in the capital of Enthusiast Gaming (the “**Enthusiast Shareholders**”), to be held at the office of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 on August 26, 2019 at 10:00 a.m. (Toronto time) in order for the Enthusiast Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “**Arrangement Resolution**”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Enthusiast Shareholders, which accompanies the Circular (the “**Notice of Meeting**”) and the articles and by-laws of Enthusiast Gaming, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the Enthusiast Shareholders entitled to notice of, and to vote at, the Meeting shall be July 19, 2019.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Enthusiast Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Enthusiast Gaming;

- c) representatives and advisors of J55; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Enthusiast Gaming may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Enthusiast Gaming and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Enthusiast Gaming is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Enthusiast Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, provided same are to correct clerical errors, would not if disclosed, reasonably be expected to affect an Enthusiast Shareholders' decision to vote, or are authorized by subsequent Court order, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Enthusiast Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement made after initial notice is provided as contemplated in paragraph 12 herein, which would, if disclosed, reasonably be expected to affect a Securityholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Enthusiast Gaming may determine.

Amendments to the Circular

10. **THIS COURT ORDERS** that Enthusiast Gaming is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine and the Circular, as so amended, revised and/or supplemental, shall be the Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Enthusiast Gaming, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Enthusiast Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Enthusiast Gaming may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, subject to the extent section 262(4) of the OBCA is applicable, in order to effect notice of the Meeting, Enthusiast Gaming shall send (or cause to

be sent) the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Enthusiast Gaming may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting**”), as follows:

- a) to the registered Enthusiast Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first-class mail at the addresses of the Enthusiast Shareholders as they appear on the books and records of Enthusiast Gaming, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Enthusiast Gaming;
 - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Enthusiast Shareholder, who is identified to the satisfaction of Enthusiast Gaming, who requests such transmission in writing and, if required by Enthusiast Gaming;
- b) to non-registered Enthusiast Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely

manner, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

- c) to other Enthusiast Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
- d) to the directors and auditors of Enthusiast Gaming, by delivery in person, by recognized courier service, by pre-paid ordinary or first-class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting; and
- e) to the Ontario Securities Commission, by electronic filing;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that Enthusiast Gaming is hereby directed to distribute the Circular (including the Notice of Application, and this Interim Order) (collectively, the “**Court Materials**”) to the holders of Enthusiast Options, Enthusiast Warrants and Enthusiast Debentures, by any method permitted for notice to Enthusiast Shareholders as set forth in paragraphs 12(a) or 12(b), above, or by email, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Enthusiast Gaming or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by Enthusiast Gaming to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any

person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Enthusiast Gaming, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Enthusiast Gaming, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Enthusiast Gaming is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Enthusiast Gaming may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Enthusiast Gaming may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that Enthusiast Gaming is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as Enthusiast Gaming may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Enthusiast Gaming is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Enthusiast Gaming may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Enthusiast Shareholders, if Enthusiast Gaming deems it advisable to do so.

18. **THIS COURT ORDERS** that Enthusiast Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) and (4.1) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 110(4)(a) and (b) of the OBCA: (a) may be deposited at the registered office of Enthusiast Gaming or with the transfer agent of Enthusiast Gaming as set out in the Circular; and (b) any such instruments must be received by Enthusiast Gaming or its transfer agent not later than the business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Enthusiast Shareholders who hold Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be

any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Enthusiast Gaming in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Enthusiast Gaming not later than 5:00 p.m. (Eastern time) on the last business day that is two (2) business days immediately preceding the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the “court” referred to in section 185 of the OBCA means this Court.

23. **THIS COURT ORDERS** that, notwithstanding section 185(4) of the OBCA, J55, not Enthusiast Gaming, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for voting common shares held by Enthusiast Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Enthusiast Shareholders may be entitled pursuant to the terms of the Arrangement Agreement or Plan of Arrangement. In accordance with the Plan of Arrangement and the Circular, all references to the “corporation” in subsections 185(4) and 185(14) to 185(24) of the OBCA (except for the second reference to the “corporation” in subsection 185(15) shall be deemed to refer to “J55” in place of the “corporation”, and J55 shall have all of the rights, duties and obligations of the “corporation” under subsections 185(14) to 185(29) of the OBCA.

24. **THIS COURT ORDERS** that any Enthusiast Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Court to be entitled to be paid fair value for his, her or its voting common shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges,

adverse interests or security interests to J55 for cancellation in consideration for a payment of cash from J55 equal to such fair value; or

- ii) is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Enthusiast Gaming, J55, or any other person be required to recognize such persons as Enthusiast Shareholders of voting common shares of Enthusiast Gaming at or after the date upon which the Arrangement becomes effective and the names of such Enthusiast Shareholders shall be deleted from Enthusiast Gaming's register of Enthusiast Shareholders at that time.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Enthusiast Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Enthusiast Gaming may apply to this Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Enthusiast Gaming, with a copy to

persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Service and Notice

31. **THIS COURT ORDERS** that the Applicant and its counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Enthusiast Shareholders, creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

Precedence

32. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting common shares, Enthusiast Gaming options, warrants, convertible debentures, performance units, deferred share units, deferred share equivalents or other rights to acquire voting common shares of Enthusiast Gaming, or the articles or by-laws of Enthusiast Gaming, this Interim Order shall govern.

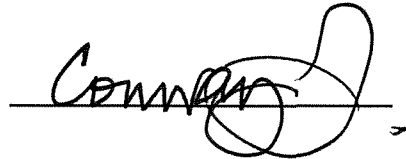
Extra-Territorial Assistance

33. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of

the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

34. **THIS COURT ORDERS** that Enthusiast Gaming shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

A handwritten signature in black ink, appearing to be "C. M. M.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 22 2019

PER / PAR: 

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

Court File No. CV-19-623917-00CL

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF ENTHUSIAST GAMING HOLDINGS INC., J55 CAPITAL CORP., and AQUILINI GAMECO INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

INTERIM ORDER

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Lawyers for the Applicant

APPENDIX 20
DISSENT RIGHTS

DISSENT RIGHTS SECTION 185 OBCA

Rights of Dissenting Shareholders

185.

1. Subject to subsection (3) and to Sections 186 and 248, if a corporation resolves to,
 - (a) amend its articles under Section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
 - (b) amend its articles under Section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
 - (c) amalgamate with another corporation under Sections 175 and 176;
 - (d) be continued under the laws of another jurisdiction under Section 181; or
 - (e) sell, lease or exchange all or substantially all its property under sub Section 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

Idem

2. If a corporation resolves to amend its articles in a manner referred to in sub Section 170 (1), a holder of shares of any class or series entitled to vote on the amendment under Section 168 or 170 may dissent, except in respect of an amendment referred to in,
 - (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
 - (b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

One Class of Shares

- 2.1. The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

3. A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,
 - (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by Section 277; or
 - (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's Right to be Paid Fair Value

4. In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No Partial Dissent

5. A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

6. A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

7. The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of Adoption of Resolution

8. The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

9. A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for Payment of Fair Value

10. A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder dissents; and
 - (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be Sent In

11. Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c.1, Sched. 2, s.1(9).

Idem

12. A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on Certificate

13. A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of Dissenting Shareholder

14. On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,
 - (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
 - (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
 - (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8), in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

Same

- (14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),
 - (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
 - (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
 - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

- (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Same

- (14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,
 - (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
 - (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Offer to Pay

- 15. A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,
 - (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
 - (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

- 16. Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

- 17. Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to Court to Fix Fair Value

- 18. Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

- 19. If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

20. A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

21. If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

Notice to Shareholders

22. Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,
- (a) has sent to the corporation the notice referred to in subsection (10); and
 - (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties Joined

23. All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

24. Upon an application to the court under subsection (18) or (19), the court may determine whether any other Person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

25. The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final Order

26. The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder

who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

Interest

27. The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where Corporation Unable to Pay

28. Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

29. Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,
- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
 - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

30. A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,
- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court Order

31. Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission May Appear

32. The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

APPENDIX 21
FAIRNESS OPINION OF HAYWOOD SECURITIES INC.



May 30, 2019

The Board of Directors
Enthusiast Gaming Holdings Inc.
150 Eglinton Ave East, Suite 203
Toronto, ON M4P 1E8

To the Board of Directors:

Haywood Securities Inc. (“**Haywood**”) understands that Enthusiast Gaming Holdings Inc. (“**Enthusiast**”) proposes to enter into an arrangement agreement (the “**Arrangement Agreement**”) with J55 Capital Corp. (“**J55**”) and Aquilini GameCo Inc. (“**GameCo**”) on the date hereof, pursuant to which J55 has agreed to acquire all of the issued and outstanding common shares of Enthusiast (the “**Enthusiast Shares**”) by way of a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia) (the “**Transaction**”).

Haywood understands that immediately prior to the Transaction, J55 will complete a reverse takeover with GameCo (the “**RTO**”) and J55 will consolidate its outstanding common shares (the “**Current J55 Shares**”) on the basis of 1.25 pre-consolidation shares for every one post-consolidation share prior to the completion of the RTO. Haywood further understands that prior to the RTO, GameCo will complete the purchase of the shares of Luminosity Gaming Inc. pursuant to a share purchase agreement dated February 14, 2019.

The Arrangement

Haywood further understands that pursuant to the Arrangement Agreement:

- a) holders of the Enthusiast Shares (“**Enthusiast Shareholders**”) shall receive 4.2200 post-consolidated common shares of J55 (the “**Shares**”) for each Enthusiast Share held (the “**Consideration**”);
- b) each option to acquire Enthusiast Shares which is outstanding and has not been duly exercised prior to the Effective Date will be exchanged for a replacement option for the acquisition of Shares with similar terms and adjusted for the Consideration;

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- c) each purchase warrant of Enthusiast will be dealt with in accordance with the terms of the applicable warrant indenture or agreement;
- d) each holder of a convertible debenture of Enthusiast shall receive upon the subsequent exercise of such holder's debenture on or after the Effective Date, in accordance with its terms, and shall accept in lieu of each Enthusiast Share to which such holder was entitled upon such conversion and/or redemption but for the same aggregate consideration payable therefor, the Consideration;
- e) J55 proposes to adopt Enthusiast's name and trading symbol ("**EGLX**");
- f) completion of the Arrangement is subject to a simple majority approval of the shareholders of J55 (the "**J55 Shareholders**"), approval by at least two-thirds of Enthusiast Shareholders, plus any minority approval if so required pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), court approval and various conditions, including, without limitation, receipt of all required regulatory approvals, including, without limitation that the TSX Venture Exchange has approved the listing of all of the Shares issued pursuant the Transaction and other conditions customary for a transaction of this nature;
- g) prior to the completion of the Arrangement, GameCo will have completed a bought deal private placement (the "**Private Placement**") of debentures in an amount not less than C\$10 million and will advance such funds to Enthusiast pursuant to a loan agreement dated May 30, 2019, between GameCo and Enthusiast; and
- h) the terms of, and conditions necessary to complete, the Transaction are set forth in the Arrangement Agreement and will be described in a joint management information circular (the "**Circular**") to be mailed to the J55 Shareholders and Enthusiast Shareholders in connection with the special meeting of each of the J55 Shareholders and Enthusiast Shareholders to be held to consider, among other matters, and, if deemed advisable, to approve the Transaction.

Haywood understands that each of the officers, directors and principal J55 Shareholders, who together control approximately 79% of the Current J55 Shares, have entered into voting support agreements (each, a "**J55 Voting Agreement**") pursuant to which, among other things, each such officer, director and principal J55 Shareholder will vote their Current J55 Shares in favour of the Arrangement. Haywood also understands that officers and directors of Enthusiast, who together control approximately 13% of the outstanding Enthusiast Shares, have entered into voting support agreements (each, a "**Enthusiast Voting Agreement**") pursuant to which, among other things, each such officer or director will vote their Enthusiast Shares in favour of the Arrangement.

The board of directors of Enthusiast (the "**Board**") has retained Haywood to prepare and render an opinion (this "**Fairness Opinion**") as to the fairness of the Consideration, from a financial point of view, to the Enthusiast Shareholders. Haywood has not prepared a valuation of J55, Enthusiast, or any of their respective securities or assets and this Fairness Opinion should not be construed as such.

Engagement

Pursuant to a letter agreement dated April 30, 2019, as amended and restated on May 27, 2019 (the "**Advisory Agreement**"), Enthusiast engaged Haywood to provide certain financial advice and advisory services. Under the Advisory Agreement, Haywood agreed to render an opinion as to the fairness of the Consideration, from a financial point of view, to the Enthusiast Shareholders. Following review of the terms of the Transaction by Haywood, Haywood rendered its oral opinion to the Board as to the fairness of the Consideration, from a financial point of view, to the Enthusiast Shareholders. This Fairness Opinion confirms the oral opinion rendered by Haywood to the Board on May 29, 2019. The Effective Date of this Fairness Opinion is May 30, 2019.

The terms of the Advisory Agreement provide that Haywood is to be paid a fixed fee for the delivery of the Fairness Opinion and rendering advisory services to Enthusiast, no portion of which is conditional upon this Fairness Opinion being favourable. Enthusiast has also agreed to reimburse Haywood for its reasonable out-of-pocket expenses and to indemnify Haywood in respect of certain liabilities that might arise out of its engagement.

Independence of Haywood

Haywood is not an insider, associate or affiliate of J55, GameCo or Enthusiast or any of their respective associates or affiliates. Haywood has not entered into any other agreements or arrangements with J55, GameCo or Enthusiast or any of their associates or affiliates with respect to any future dealings.

Haywood acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of J55, GameCo and/or Enthusiast or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. In the ordinary course of trading and brokerage activities, Haywood, the associates and affiliates thereof and the officers, directors and employees of any of them at any time may hold long or short positions, may trade or otherwise effect transactions, for their own account, for managed accounts or for the accounts of customers, in debt or equity securities of J55, GameCo, Enthusiast, or related assets or derivative securities. As an investment dealer, Haywood conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to J55, GameCo, Enthusiast, or with respect to the Transaction.

In June, 2018, Enthusiast completed a brokered private placement for aggregate gross proceeds of \$7,736,625. Haywood acted as a co-lead agent for this private placement. In addition, Haywood anticipates participating as an underwriter as to a 15% participation in the Private Placement of GameCo (as previously defined).

Credentials of Haywood

Haywood is one of Canada's leading independent investment dealers with operations in corporate finance, equity sales and trading and investment research. Haywood is a participating organization of the Toronto Stock Exchange and the TSX Venture Exchange and a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Canadian Investor Protection Fund. The opinion expressed herein is the opinion of Haywood, and the individuals primarily responsible for preparing this Fairness Opinion are professionals of Haywood experienced in merger, acquisition, divestiture and fairness opinion matters and have an understanding of the marketable securities involved in the Transaction, including the emerging e-gaming market in Canada. Fairness opinions prepared by Haywood, including this Fairness Opinion, are subject to internal oversight and review before they are issued.

Scope of Review and Approach to Analysis

In connection with rendering this Fairness Opinion, Haywood has reviewed and relied upon, or carried out, among other things, the following:

- (a) the Arrangement Agreement dated May 30, 2019;
- (b) the Loan Agreement dated May 30, 2019, between GameCo and Enthusiast;
- (c) the disclosure letters of J55 and Enthusiast dated May 30, 2019;
- (d) the J55 Voting Agreements and Enthusiast Voting Agreements dated May 30, 2019;
- (e) the audited consolidated financial statements of each of GameCo, J55, and Enthusiast for their respective fiscal year ended December 31, 2018;

- (f) management's discussion and analysis of financial condition for each of J55 and Enthusiast for their respective fiscal year ended December 31, 2018;
- (g) the unaudited interim condensed consolidated financial statements of Luminosity Gaming Inc. and Luminosity (USA) LLC;
- (h) public information relating to the business, financial condition and trading history of Enthusiast and other select public companies Haywood considered relevant;
- (i) certain historical financial information and operating data concerning J55, GameCo and Enthusiast;
- (j) certain projected financial information, including without limitation, budgets, financial forecasts and internal operational models, which were prepared and provided by J55, GameCo, Enthusiast and their advisors;
- (k) certain internal documents, including without limitation, internal management forecasts, team agreements, player contracts, operating agreements, management reports and management presentations, which were prepared and provided by J55, GameCo and Enthusiast;
- (l) the financial results of J55, GameCo and Enthusiast and compared them with publicly available financial data concerning certain publicly traded companies that Haywood deemed to be relevant for the purposes of its analysis;
- (m) publicly available financial data for merger and acquisition transactions that Haywood deemed comparable for the purposes of its analysis;
- (n) where applicable, compared the consideration to be paid by J55 to the value per common share of Enthusiast implied by analyses of market multiples of comparable companies;
- (o) certain industry and analyst reports and statistics that Haywood deemed relevant for the purposes of its analysis;
- (p) certain other internal information prepared for and by J55, GameCo and Enthusiast;
- (q) a certificate addressed to Haywood, dated May 27, 2019, from two senior officers of Enthusiast, as to the completeness and accuracy of the Information (as defined below); and
- (r) considered such other financial, market, technical and industry information, and conducted such other investigations, analyses and discussions (including discussions with senior management of J55, GameCo and Enthusiast) as Haywood considered relevant and appropriate in the circumstances.

In its assessment, Haywood considered several techniques and used a blended approach to determine its opinion on the Transaction. Haywood based this Fairness Opinion upon a number of quantitative and qualitative factors.

Haywood has not, to the best of its knowledge, been denied access by Enthusiast to any information under its control requested by Haywood. Haywood did not meet with the auditors of J55, or Enthusiast, and has assumed

the accuracy and fair presentation of and relied upon the audited consolidated financial statements of each of Enthusiast, GameCo and J55, and the reports of the auditor thereon.

Assumptions and Limitations

With the approval and agreement of the Board and as provided for in the Advisory Agreement, and subject to the exercise of its professional judgement, Haywood has relied upon and assumed the completeness, accuracy and fair presentation of all financial information, business plans, financial analyses, forecasts and other information, data, advice, opinions and representations (collectively referred to as the “**Information**”) obtained by Haywood from public sources, or provided to Haywood by J55 or GameCo or Enthusiast, their respective subsidiaries, directors, officers, associates, affiliates, consultants, advisors and representatives relating to J55, GameCo, Enthusiast, their respective subsidiaries, associates and affiliates, and to the Transaction. This Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. Haywood has not been requested to or, subject to the exercise of professional judgment, attempted to verify independently the completeness, accuracy or fair presentation of any such Information and assumes no responsibility or liability in connection therewith. Haywood has not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor has it evaluated the solvency of J55, GameCo or Enthusiast under any provincial or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Haywood has not assumed any obligation to conduct any physical inspection of the properties or the facilities of J55, GameCo or Enthusiast. Haywood has not had the benefit of reviewing any third party economic assessment on the assets of J55, GameCo or Enthusiast, and expresses no opinion as to the results of any future economic assessment that may be released prior to or following completion of the Transaction or the market reaction to the results of such economic assessment. The technical due diligence conducted by Haywood was limited in scope and Haywood has relied heavily on the experience of management of Enthusiast.

Enthusiast has represented to Haywood in a certificate of two senior officers of Enthusiast dated May 27, 2019, among other things, that the Information provided to Haywood by or on behalf of Enthusiast, including the written information and discussions concerning Enthusiast referred to above under the heading “Scope of Review and Approach to Analysis”, is complete and correct at the date the Information was provided to Haywood and that, since the date on which the Information was provided to Haywood, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Enthusiast or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on this Fairness Opinion.

With respect to any financial analyses, forecasts, projections, estimates and/or budgets provided to Haywood and used in its analyses, Haywood notes that projecting future results of any company is inherently subject to uncertainty. Haywood has assumed, however, that such financial analyses, forecasts, projections, estimates and/or budgets were prepared using the assumptions identified therein and that such assumptions reflect the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of each of J55, GameCo and Enthusiast. Haywood expresses no view as to such financial analyses, forecasts, projections, estimates and/or budgets or the assumptions on which they were based.

In preparing this Fairness Opinion, Haywood has made several assumptions, including that all of the representations and warranties contained in the Arrangement Agreement are correct as of the date hereof, all of the conditions required to complete the Transaction will be met, the Transaction will be completed substantially in accordance with its terms and all applicable laws, and that the disclosure provided in the Circular with respect to J55, GameCo, Enthusiast, and their respective subsidiaries and affiliates and the Transaction will be accurate in all material respects.

Haywood has relied as to all legal matters relevant to rendering this Fairness Opinion upon the advice of its own counsel. Haywood has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on J55, GameCo or Enthusiast or on the contemplated benefits of the Transaction.

Haywood is not a legal, tax or accounting expert and expresses no opinion concerning any legal, tax or accounting matters concerning the Transaction or the sufficiency of this letter for your purposes.

This Fairness Opinion is rendered as at the date hereof and on the basis of securities markets, economic and general business and financial conditions prevailing, and the Information as at the date hereof and the conditions and prospects, financial and otherwise, of J55, GameCo or Enthusiast as they are reflected in the Information provided by J55, GameCo and Enthusiast, and as was represented to Haywood in its discussions with the management of J55, the management of GameCo, the management of Enthusiast, and certain of their respective consultants, advisors and representatives. It should be understood that subsequent developments may affect this Fairness Opinion and that Haywood does not have any obligation to update, revise or reaffirm this Fairness Opinion. Haywood is expressing no opinion herein as to the price at which the Current J55Shares or the Enthusiast Shares or the Shares will trade at any future time. In Haywood's analyses and in connection with the preparation of this Fairness Opinion, Haywood made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Haywood and any party involved in the Transaction.

Haywood has not been asked to prepare and has not prepared a valuation of J55, GameCo or Enthusiast or any of the securities or assets thereof and this Fairness Opinion should not be construed as a "formal valuation" (within the meaning of MI 61-101).

This Fairness Opinion is provided for the use of the Board only and may not be disclosed, referred or communicated to, or relied upon by, any third party without Haywood's prior written approval. Haywood consents to the inclusion of this Fairness Opinion in the Circular. Haywood disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion that may come or be brought to the attention of Haywood after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting this Fairness Opinion after the date hereof, Haywood reserves the right to change, modify or withdraw this Fairness Opinion.

Haywood believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of an opinion is a complex process and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC, but IIROC has not been involved in the preparation or review of this Fairness Opinion.

Fairness Conclusion

Based on and subject to the foregoing and such other factors as Haywood considered relevant, Haywood is of the opinion that, as of the date hereof, the Consideration is fair, from a financial point of view, to the Enthusiast Shareholders.

Yours truly,

HAYWOOD SECURITIES INC.

A handwritten signature in black ink, appearing to read "Haywood Securities Inc.", written in a cursive style.

APPENDIX 22
AUDIT COMMITTEE CHARTER OF J55 CAPITAL CORP

J55 CAPITAL CORP.
(the “Corporation”)

AUDIT COMMITTEE CHARTER

1. MANDATE

The audit committee (the “**Committee**”) will assist the board of directors of the Corporation (the “**Board**”) in fulfilling its financial oversight responsibilities. The Committee will review and consider, in consultation with the Corporation’s external auditors, the financial reporting process, the system of internal controls over financial reporting and the audit process. In performing its duties, the Committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each member of the Committee must obtain an understanding of the principal responsibilities of membership of the Committee as well as the Corporation’s business, operations and risks.

2. COMPOSITION

The Board will appoint, from among their membership, a Committee after each annual meeting of the shareholders of the Corporation. The Committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the Committee must be “independent” (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) (“**NI 52-110**”).

2.2 Expertise of Committee Members

A majority of the members of the Committee must be “financially literate” (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee must have accounting or related financial management expertise.

3. MEETINGS

The Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Committee may determine. The Committee shall meet at least annually with the Corporation’s Chief Financial Officer and external auditors in separate executive sessions.

4. ROLES AND RESPONSIBILITIES

The Committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the Committee shall:

- (a) recommend to the Board that the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and
- (f) review and approve the Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

4.2 Internal Control

The Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The Committee shall review the financial statements and financial information of the Corporation prior to their release to the public. In carrying out this duty, the Committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;
- (e) review management's discussion and analysis respecting the annual reporting period prior to its release to the public;

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public;
- (g) review management's discussion and analysis respecting the interim reporting period prior to its release to the public; and

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure containing financial information, including news releases, prior to release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the Committee.

Delegation of Authority

- (a) The Committee may delegate to one or more independent members of the Committee the authority to approve non-audit services, provided any non-audit

services approved in this manner must be presented to the Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The Committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the Committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the Committee's responsibilities to management.

4.5 Other Responsibilities

The Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;

- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The Committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

6. GUIDANCE - ROLES & RESPONSIBILITIES

The Committee should consider undertaking the actions described in the following guidance, which is intended to provide the Committee members with additional guidance on fulfilment of their roles and responsibilities on the Committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal controls and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown;
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks;
- (c) understand industry best practices and the Corporation's adoption of them;

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to the members of the Committee, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors;
- (h) ensure that the external auditors communicate all required matters to the Committee;

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either electronically or in person, to review the interim financial statements;
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

- (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;
- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions;
- (vi) the Corporation's financial and operating controls are functioning effectively;
- (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures;

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges; and

6.4 *Other Responsibilities*

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.

APPENDIX 23
2018 STOCK OPTION PLAN OF J55 CAPITAL CORP.

J55 CAPITAL CORP.

STOCK OPTION PLAN

This stock option plan adopted by the directors of J55 Capital Corp. on July 23, 2018, as amended July 9, 2019, in connection with its initial public offering and listing of its common shares on the TSX Venture Exchange pursuant to the CPC program of the TSX Venture Exchange as governed by their Policy 2.4. Notwithstanding anything herein to the contrary, while the Company remains a CPC, the terms of this stock option plan and the terms of all options granted pursuant to this stock option plan shall include all terms, conditions and restrictions provided by Policy 2.4 as if such terms, conditions and restrictions were reproduced herein. While the Company is a CPC, Policy 2.4 shall prevail in the event of any inconsistency between Policy 2.4 and this stock option plan.

PART 1 **INTERPRETATION**

1.01 Definitions. In this Plan the following words and phrases shall have the following meanings, namely:

- (a) “Associate” means, where used to indicate a relationship with any person:
 - (i) a partner, other than a limited partner, of that person;
 - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
 - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
 - (iv) a relative, including the spouse or child, of that person or a relative of that person’s spouse, where the relative has the same home as that person and for the purpose of this definition, “spouse” includes an individual who is living with another individual in a marriage-like relationship.
- (b) “Board” means the Board of Directors of the Company or, if applicable, the Committee.
- (c) “Charitable Options” has the meaning ascribed thereto in Section 3.04;
- (d) “CPC” or “Capital Pool Company” has the meaning set out in the policies of the Exchange.
- (e) “Committee” means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (f) “Company” means J55 Capital Corp.
- (g) “Consultant” means, in relation to the Company, an individual (other than an Employee or Director of the Company) or company that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or an affiliate of the Company, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract between the Company or an affiliate of the Company and the individual or the company, as the case may be;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliate of the Company; and
 - (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (h) “Director” means any director of the Company or of any of its subsidiaries.
- (i) “Discounted Market Price” means the Market Price less the discount set forth below, subject to a minimum price of \$0.10:

<u>Closing Price</u>	<u>Discount</u>
up to \$0.50	25%
\$0.51 to \$2.00	20%
above \$2.00	15%

- (j) “Disinterested Shareholder Approval” means that the proposal must be approved by a majority of the votes cast at the shareholders’ meeting of the Company other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.
- (k) “Eligible Charitable Organizations” has meaning ascribed thereto in the policies of the Exchange.
- (l) “Employee” means:
- (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
 - (ii) an individual who is a full-time dependent contractor, that is one who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or
 - (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its

subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

- (m) "Exchange" means the TSX Venture Exchange.
- (n) "Insider" means:
 - (i) a Director or Officer;
 - (ii) a director or senior officer of a person that is itself an Insider or subsidiary of the Company;
 - (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or
 - (iv) the Company itself if it holds any of its own securities.
- (o) "Management Company Employee" means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities.
- (p) "Market Price" means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company's shares before the issuance of the required news release disclosing the grant of options (but, if the policies of the Exchange provide an exception to such news release, then the last closing price of the Company's shares before the grant of options).
- (q) "Optionee" means an Employee, Director, Officer, Consultant or Eligible Charitable Organization who receives a grant of Options under this Plan.
- (r) "Officer" means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia).
- (s) "Plan" means this stock option plan as from time to time amended.
- (t) "Qualifying Transaction" has the meaning set out in the policies of the Exchange.
- (u) "Resulting Issuer" has the meaning set out in the policies of the Exchange.
- (v) "Shares" means common shares without par value in the capital of the Company.
- (w) "Tier 1 Issuer" and "Tier 2 Issuer" have the meanings prescribed by the TSX Venture Exchange.

1.02 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

PART 2
PURPOSE OF PLAN

The purpose of this Plan is to attract and retain Employees, Officers, Directors and Consultants and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company's shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed. The Company represents that Employees, Consultants or Management Company Employees who are granted options will be bona fide Employees, Consultants or Management Company Employees at the time of grant.

PART 3
GRANTING OR AMENDING OF OPTIONS

- 3.01 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than three (3) of its members) appointed by the Board. Any Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of options pursuant to the Plan, except that no such member shall act upon the granting of an option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to granting options to him).
- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
 - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the purpose of the Plan;
 - (c) determination of the Consultants, Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, options should be granted, as well as the number of Shares subject to each option;
 - (d) determination of the terms and conditions of the option agreement to be entered into with any Optionee, consistent with this Plan; and

- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan.
- 3.03 Grant by Resolution. The Board, on its own initiative or, if a Committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such Committee, may by resolution designate those Consultants, Employees, Officers and Directors to whom options should be granted (unless the Committee has been authorized by the Board to pass such resolution in which case they may do as so authorized).
- 3.04 Charitable Options.
- (a) the aggregate number of Charitable Options granted and outstanding to Eligible Charitable Organizations shall not at any time exceed 1% of the issued Shares of the Company, as calculated immediately subsequent to the grant of any Options to Eligible Charitable Organizations;
 - (b) a Charitable Option may contain anti-dilution provisions to cover stock splits or consolidations, share reclassifications, payment of stock dividends and other distributions; however, the terms and conditions of a Charitable Option may not be amended or made subject to amendment after its grant other than to give effect to such anti-dilution provisions or to provide for the cancellation of the Charitable Option in order to enable the Company to comply with the limitations set forth in the policies of the Exchange;
 - (c) a Charitable Option must expire after the earlier of: (i) the date that is the tenth anniversary of the date the Shares are listed for trading on the Exchange; and (ii) the 90th day following the date that the holder of the Charitable Option ceases to be an Eligible Charitable Organization.
- 3.05 Terms of Options. The resolution of the Board, or the Committee if applicable, shall specify the number of Shares that should be placed under option to each Optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised.
- 3.06 Written Agreements. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.
- 3.07 Regulatory Approvals. The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any Optionee resides.
- 3.08 Amendment of Options. Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply mutatis mutandis.

PART 4
CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

- 4.01 Exercise Price. The exercise price of an option granted under this Plan shall not be less than the Discounted Market Price, provided that:
- (a) while the Company is a CPC, the exercise price cannot be less than the greater of the per Share price paid by the public investors for Shares under the Company's initial public offering and the Discounted Market Price;
 - (b) if options are granted within 90 days of a distribution by a prospectus (with the 90 day period beginning on the date a final receipt is issued for the prospectus), the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution;
 - (c) for unit offerings, the minimum option exercise price will be the "base" (or imputed) price of the shares included in the unit; and
 - (d) for all other financings, the minimum exercise price will be the average price paid by the public investors.
- 4.02 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years.
- 4.03 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting options under this Plan, specify different time periods following the dates of granting the options during which the Optionees may exercise their respective options to purchase Shares and may designate different exercise prices and numbers of Shares in respect of which each Optionee may exercise the Optionee's option during each respective time period.
- 4.04 Number of Shares. The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan, together with any Shares reserved for issuance pursuant to options granted to that person during the previous 12 months in the case that the Company is a Tier 2 Issuer, shall not exceed 5% of the issued and outstanding Shares after the closing of its initial public offering, provided that the aggregate number of options granted to:
- (a) Consultants; or
 - (b) persons employed in investor relations activities on behalf of the Company (provided that while the Company is a CPC, it must not grant any options to such persons employed in investor relations activities);
- must not exceed 2% of the outstanding Shares after the closing of its initial public offering, unless the Exchange permits otherwise.
- 4.05 Death of Optionee. If an Optionee dies prior to the expiry of the Optionee's option, the Optionee's legal representatives may, by the earlier of:
- (a) one year from the date of the Optionee's death (or such lesser period as may be specified by the Board at the time of granting the option); and
 - (b) the expiry date of the option;

exercise any portion of such option.

- 4.06 Expiry on Termination or Cessation. If an Optionee ceases to be a Consultant, Director, Officer or Employee for any reason other than death, the Optionee's option shall terminate within a reasonable time as specified by the Board at the time of granting the option, such period to not exceed a period of one year from the date of termination, and all rights to purchase Shares under such option shall cease and expire and be of no further force or effect. Notwithstanding the foregoing, options granted to any Optionee of the Company while the Company is a Capital Pool Company, where the Optionee does not continue as a Director, Officer, Consultant or Employee of the Resulting Issuer, have a maximum term of the later of 12 months after completion of the Qualifying Transaction and 90 days after the Optionee ceases to become a Director, Officer, Consultant or Employee of the Resulting Issuer, following which all rights to purchase Shares under such option shall cease and expire and be of no further force or effect.
- 4.07 Leave of Absence. Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed, then the Optionee's employment shall be deemed to have terminated on the ninety-first day of such leave.
- 4.08 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an Optionee shall have the right to assign any option granted to the Optionee hereunder to a trust or similar legal entity established by such Optionee.
- 4.09 Notice. Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.
- 4.10 Payment. Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. The exercise price of all options must be paid in cash. Shares purchased by an Optionee on exercise of an option shall be paid for in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.11 Share Certificate. As soon as practicable after due exercise of an option, the Company shall issue a share certificate evidencing the Shares with respect to which the option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof. All Shares acquired on exercise of options prior to the completion of a Qualifying Transaction must also be deposited into escrow and will be subject to escrow until the final Exchange bulletin is issued.
- 4.12 Vesting. Subject to the discretion of the Board, the options granted to an Optionee under this Plan shall fully vest on the date of grant of such options. In accordance with the policies of the Exchange, and subject to their approval to the contrary, options issued to Consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than 1/4 of the options vesting in any 3 month period.

- 4.13 Hold Period. In addition to any resale restrictions under applicable legislation, all options granted hereunder and all Shares issued on the exercise of such options will, if applicable under the policies of the Exchange, be subject to a four month TSX Venture Exchange hold period from the date the options are granted, and the stock option agreements and the certificates representing such Shares will bear the following legend:

“Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date].”

- 4.14 Individuals. Options, other than Charitable Options, may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an option grant. Only individuals who are Directors, Officers, Consultants, Employees or Management Company Employees may be granted stock options. If the Optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class in the company to any other individual or entity as long as the incentive stock option remains outstanding, except with the written consent of the Exchange.

PART 5

RESERVE OF SHARES FOR OPTIONS

- 5.01 Maximum Number of Shares Reserved Under Plan. Subject to adjustment as provided in Part 6 hereof, while the Company is a CPC the aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed 10% of the issued and outstanding Shares of the Company as at the closing of its initial public offering, and after the completion of the Company's Qualifying Transaction the maximum number of Shares reserved under the Plan shall be up to 10% of the issued and outstanding Shares of the Company at any time any options are granted. The aggregate number of shares to be delivered upon the exercise of all options granted under this Plan shall not exceed the maximum number of shares permitted under the rule of any stock exchange on which Shares are then listed or other regulatory body having jurisdiction. In addition, all options granted outside of this Plan, which are in existence on the effective date of this Plan, shall be counted as if granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing options.
- 5.02 Sufficient Authorized Shares to be Reserved. Whenever the Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed, been cancelled or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.
- 5.03 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:
- (a) the number of Shares reserved for issuance pursuant to options granted to Insiders to exceed 10% of the outstanding Shares at the time of granting the options;

- (b) the issuance to Insiders, within a one year period, of a number of Shares exceeding 10% of the outstanding Shares at the time of granting the options;
- (c) except in the case of a Tier 1 Issuer (or equivalent), the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the options; or
- (d) any reduction in the exercise price of options granted to any person who is an Insider at the time of the proposed reduction.

PART 6 CHANGES IN SHARES

- 6.01 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.02 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.03 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to an reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an Optionee hereunder by paying to the said Optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.
- 6.04 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the Optionee shall remain unaffected.

PART 7 EXCHANGE'S RULES AND POLICIES APPLY

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

PART 8
AMENDMENT OF PLAN

- 8.01 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.
- 8.02 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until accepted for filing by the Exchange.

PART 9
MISCELLANEOUS PROVISIONS

- 9.01 Tax Withholding. The Company may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Company to comply with the applicable requirements of any federal, provincial, local or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options (“**Withholding Obligations**”). The Company may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Company may determine in its discretion, by:
- (a) requiring an Optionee, as a condition to the exercise of any options, to make such arrangements as the Company may require so that the Company can satisfy such Withholding Obligations including, without limitation, requiring the Optionee to remit to the Company in advance, or reimburse the Company for, any such Withholding Obligations; or
 - (b) selling on the Optionee’s behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.
- 9.02 Other Plans Not Affected. This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees or Consultants.
- 9.03 Effective Date of Plan. This Plan shall become effective upon receipt of shareholder approval, if such approval is required by applicable laws. However, options may be granted under this Plan prior thereto. Any option granted prior thereto may not be exercised prior to such date.
- 9.04 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.05 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.06 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.
- 9.07 Termination of Plan. This Plan shall only terminate pursuant to a resolution of the Board or the Company’s shareholders.

APPENDIX 24
AUDIT COMMITTEE CHARTER OF ENTHUSIAST GAMING HOLDINGS INC.

Enthusiast Gaming Holdings Inc.

Audit Committee Charter

"The overall purpose of the Audit Committee (the "**Committee**") of Enthusiast Gaming Holdings Inc. (the "**Corporation**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Corporation, and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Corporation's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Corporation. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Corporation's independent auditors.

Composition, Procedures and Organization

1. The Committee shall consist of at least three members of the Board.
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
3. The Board at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Roles and Responsibilities

1. The overall duties and responsibilities of the Committee shall be as follows:
 - (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
 - (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;

- (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
4. The Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to Shareholders;
 - (ii) the annual information form, if required;
 - (iii) annual and interim MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Corporation; and

- (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Corporation's financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Corporation's financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies, if any;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the Corporation's financial statements;
 - (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
5. The Committee shall specifically supervise and administer the Corporation's whistle blower policy.
6. The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
 - (b) to set and pay the compensation for any advisors employed by the Committee; and (l) to communicate directly with the internal and external auditors."

APPENDIX 25
STOCK OPTION PLAN OF ENTHUSIAST GAMING HOLDINGS INC.

**STOCK OPTION PLAN OF
TOVA VENTURES II INC.**
(approved by directors on June 30, 2017)

PART 1 - INTRODUCTION

1.01 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

1.02 Definitions

- (a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario) as amended from time to time.
- (b) "Blackout Period" means a period during which the Corporation prohibits Optionees from exercising their Options.
- (c) "Board" means the board of directors of the Corporation.
- (d) "Completion of the Qualifying Transaction" has the meaning ascribed to such term in Policy 2.4.
- (e) "Consultant" has the meaning ascribed to such term in Policy 4.4.
- (f) "Corporation" means Tova Ventures II Inc., a corporation duly incorporated under the laws of the Province of Ontario, and its Affiliates, if any.
- (g) "CPC" has the meaning ascribed to such term in Policy 2.4.
- (h) "Discounted Market Price" has the meaning ascribed to such term in Policy 1.1.
- (i) "Eligible Person" shall mean an officer or director of the Corporation ("**Executive**") or an employee of the Corporation ("**Employee**") or a Management Company Employee or a Consultant.
- (j) "Exchange" means the TSX Venture Exchange.
- (k) "Exercise Notice" means the notice respecting the exercise of an Option, substantially in the form attached to the Option Certificate, duly executed by the Optionee.
- (l) "Exercise Price" means the price at which an Option may be exercised as determined in accordance with section 2.03.
- (m) "Final Exchange Bulletin" has the meaning ascribed thereto in the Policy 2.4.
- (n) "Insider" means (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and (ii) an associate of any person who is an insider by virtue of the preceding sub-clause (i).
- (o) "Investor Relations Activities" has the meaning ascribed to such term in Policy 1.1.
- (p) "IPO" has the meaning ascribed to such term in Policy 2.4.

- (q) "Listing Date" means the date the Shares are listed and posted for trading on the Exchange.
- (r) "Management Company Employee" has the meaning ascribed to such term in Policy 4.4.
- (s) "Material Information" has the meaning ascribed to such term in Policy 1.1.
- (t) "Option" shall mean an option granted under the terms of the Plan.
- (u) "Option Certificate" means the certificate, substantially in the form set out as Schedule "A" hereto, evidencing an Option.
- (v) "Option Period" shall mean the period during which an option may be exercised.
- (w) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
- (x) "Outstanding Issue" means the number of Shares outstanding on a non-diluted basis.
- (y) "Plan" means the stock option plan established and operated pursuant to Part 2 hereof.
- (z) "Policy 1.1" means the Exchange's Policy 1.1 entitled "Interpretation" as amended from time to time.
- (aa) "Policy 2.4" means the Exchange's Policy 2.4 entitled "Capital Pool Companies" as amended from time to time.
- (bb) "Policy 4.4" means the Exchange's Policy 4.4 entitled "Incentive Stock Options" as amended from time to time.
- (cc) "Shares" shall mean the common shares of the Corporation.

PART 2 - SHARE OPTION PLAN

2.01 Participation

Options shall be granted only to Eligible Persons.

2.02 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

2.03 Price

The price at which an Optionee may purchase a Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the Option Certificate issued in respect of such Option but, in any event, shall not be less than the Discounted Market Price. Notwithstanding the foregoing, from the Listing Date and until Completion of the Qualifying Transaction the Exercise Price per Share when Options are granted shall not be less than the greater of \$0.10 and the Discounted Market Price.

2.04 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

From the Listing Date and until Completion of the Qualifying Transaction the Board shall not grant Options to an Eligible Person providing Investor Relations Activities, promotional or market-making services.

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and conditions deferring or delaying the date at which an Option may be exercised in whole or in part. Such additional terms and conditions shall be as set forth in the Option Certificate issued in respect of such Option

2.05 Term of Options

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant, or earlier date as the Board shall decide when the Option is granted.

Upon the expiration of the Option Period the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

Notwithstanding the foregoing, if the expiration of the Option Period falls within a Blackout Period the expiration of the Option Period shall be automatically extended for ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (iii) the automatic extension of an Optionee's options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

2.06 Exercise of Options

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;
- (b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or
- (c) in the case of an Executive, director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full Exercise Price of the Shares being purchased by 5:00 p.m. (EST) on the last day of the Option Period by delivering

to the Corporation an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

Notwithstanding anything to the contrary herein, Options granted prior to the issuance of the Final Exchange Bulletin may not be exercised before the Completion of the Qualifying Transaction unless the Optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin.

2.07 Vesting of Options

Executives, Employees and Management Company Employees

All Options granted to an Executive, Employee or Management Company Employee pursuant to this Plan shall vest and become fully exercisable as follows or as determined by the Board when the Option is granted:

- (a) one half (1/2) of the Options on the date of grant; and
- (b) the final one half (1/2) of the Options on the date which is one (1) year from the date said Options are granted.

Consultants

All Options granted to Consultants pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted:

- (a) one third (1/3) of the Options on the date of grant;
- (b) one third (1/3) of the Options on the date which is one (1) year from the date said Options are granted; and
- (c) the final one third (1/3) of the Options on the date which is two (2) years from the date said Options are granted.

Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

- (a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;
- (b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;
- (c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and
- (d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

2.08 Restrictions on Grant of Options

The granting of Options shall be subject to the following conditions:

- (a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;

- (b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;
- (c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;
- (d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period;
- (e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the Exercise Price of Options previously granted to Insiders;
- (f) not more than five (5%) percent of the Outstanding Issue;
- (g) Incentive stock options granted while the Corporation is a CPC may only entitle the holder to acquire common shares of the CPC. Incentive stock options may only be granted to a director or officer of the CPC, and where permitted by securities laws, a technical consultant whose particular industry expertise in relation to the business of the Vendors (as defined in Exchange Policy 2.4) or the Target Company (as defined in Exchange Policy 2.4), as the case may be, is required to evaluate the proposed Qualifying Transaction (as defined in Exchange Policy 2.4), or a company, all of whose securities are owned by such a director, officer or technical consultant. The total number of common shares reserved under option for issuance under this section or as may be issued under section 7.7 of Exchange Policy 2.4, may not exceed 10% of the common shares to be outstanding as at the closing of the IPO;
- (h) The number of common shares reserved under option for issuance to any individual director or officer may not exceed 5% of the common shares to be outstanding after closing of the IPO. The number of common shares reserved under option for issuance to all technical consultants may not exceed 2% of the common shares to be outstanding after closing of the IPO. Options granted by the Corporation while it is a CPC are subject to the percentage limitations set forth in Policy 4.4 - Incentive Stock Options; and
- (i) until Completion of the Qualifying Transaction the aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue upon completion of the Corporation's initial public offering;

If disinterested shareholder approval is required, the proposed grant(s) or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to shares beneficially owned by (i) Insiders to whom options may be granted under the stock option plan; and (ii) Associates of such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval.

2.09 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.10 Effect of Termination of Employment, Death or Disability

- (a) If an Optionee shall die while employed by the Corporation or its Affiliate, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "**Successor Optionee**"). Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee at the date of death which have

not yet vested shall vest immediately upon death. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options shall be exercisable for up to one (1) year after the date of death of the Optionee.

- (b) If the employment of an Optionee shall terminate due to disability while the Optionee is employed by the Corporation or its Affiliate, any Option held by the Optionee on the date the employment of the Optionee is terminated due to disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the employment of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that Options that become exercisable due to disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Option.
- (c) Subject to section 2.10(d), Options granted to any Optionee must expire not later than one (1) year following the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee, which shall be determined by the Board at the time of each grant. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee which have not yet vested shall vest immediately upon such date.
- (d) If the employment of an Employee or Consultant is terminated for cause no Option held by such Optionee may be exercised following the date upon which Termination occurred.

2.11 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates with or merges with or into another corporation any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his or her option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Exercise Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.12 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

2.13 Hold Period

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 – *Resale of Securities* which would apply to the first trade of the Shares.

2.14 Notification of Grant of Option

Following the granting of an Option by the Board, the Corporation shall notify the Optionee in writing of the Option and shall enclose with such notice the Option Certificate representing the Option so granted. Each

Optionee, concurrently with the notice of the grant of an Option, shall be provided with a copy of the Plan.

2.15 Options Granted To Corporations

Except in relation to a Consultant that is a corporation, Options may only be granted to an individual or a corporation that is wholly-owned by an Eligible Person. If a corporation is an Optionee, it must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

PART 3 - GENERAL

3.01 Number of Shares

The aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue. Notwithstanding the foregoing, from the Listing Date and until Completion of the Qualifying Transaction the aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue upon completion of the Corporation's initial public offering.

3.02 Transferability

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

3.03 Employment

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

3.04 Approval of Plan

Options issued under the Plan shall only become exercisable after the Plan has been approved by the shareholders of the Corporation; provided, however:

- (a) unless consistent with the terms contained herein and approved by the Board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;
- (b) the Plan must receive shareholder approval yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

3.05 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the

Corporation and all costs in respect thereof shall be paid by the Corporation.

3.06 Income Taxes

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the Exercise Price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance, or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

3.07 Amendments to the Plan

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) a material increase in the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or
- (c) a material modification in the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

3.08 No Representation or Warranty

The Corporation makes no representation or warranty as the future market value of any Shares issued in accordance with the provisions of the Plan.

3.09 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.10 Compliance with Applicable Law, etc.

If any provision of the Plan or of any Option Certificate delivered pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

3.11 Policy 2.4

Notwithstanding anything to the contrary herein, any Options granted prior to the issuance of the Final Exchange Bulletin must comply with Policy 2.4.

SCHEDULE "A"
TOVA VENTURES II INC.

STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the TOVA VENTURES II INC. (the "**Corporation**") stock option plan (the "**Plan**") and evidences that ● is the holder (the "**Optionee**") of an option (the "**Option**") to purchase up to ● common shares (the "**Shares**") in the capital stock of the Corporation at a purchase price of \$ ● per Share (the "**Exercise Price**").

Subject to the provisions of the Plan:

- (a) the effective date of the grant of the Option is ● ;
- (b) the Option Period expires at 5:00 p.m. (EST) on ● ; and
- (c) the Options shall vest as follows ● ;

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the date of the grant of the Option through to 5:00 p.m. (EST) on the expiration date of the Option Period by delivering to the Corporation an Exercise Notice, in the form attached, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this ● day of ● , ● .

TOVA VENTURES II INC.

Per:

Authorized Signatory

TOVA VENTURES II INC.

STOCK OPTION PLAN
EXERCISE NOTICE

TO: TOVA VENTURES II INC. (the “Corporation”)

The undersigned, being the holder of options to purchase _____ common shares of TOVA VENTURES II INC. at the exercise price of _____ per share, hereby irrevocably gives notice, pursuant to the stock option plan of the Corporation (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for _____ of such common shares of the Corporation.

The undersigned tenders herewith a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Corporation to issue a share certificate evidencing said common shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the _____ day of _____, _____.

Signature of Option Holder