

## STANDBY GUARANTEE AGREEMENT

THIS Agreement is made as of the 7<sup>th</sup> day of October, 2020.

BETWEEN:

**JACKPOT DIGITAL INC.**, a company existing under the laws of the Province of British Columbia

(the "**Company**")

AND:

**AlphaNorth Asset Management Inc.**, a corporation incorporated in the Province of Ontario

(the "**Standby Guarantor**")

**WHEREAS:**

- A. The Company intends to carry out an offering of Rights to the holders of record of its Common Shares in the Qualifying Jurisdictions pursuant to a Rights Offering Circular; and
- B. The Standby Guarantor has agreed to act as a standby guarantor in connection with the Rights Offering on the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

### ARTICLE 1 DEFINITIONS

#### 1.1 Defined Terms

In this Agreement, including the Recitals hereto:

**Additional Subscription Privilege** has the meaning given in Section 2.2;

**Basic Subscription Privilege** has the meaning given in Section 2.1;

**Bonus Warrants** has the meaning given in Section 3.6;

**Bonus Warrant Shares** mean the Common Shares issuable on exercise of the Bonus Warrants;

**Business Day** means any day, other than a Saturday or a Sunday, upon which banks are open for business in the City of Vancouver, British Columbia;

**Circular Amendment** means any amendment to the Rights Offering Circular;

**Closing** has the meaning given in Section 8.1;

**Closing Date** means that day which falls two Business Days following the Rights Expiry Date or such earlier date after the Rights Expiry Date as is practicable and as agreed between the Company and the Standby Guarantor;

**Closing Time** has the meaning given in Section 8.1 of this Agreement;

**Commissions** means the provincial and territorial securities commission or other regulatory authority in the Filing Jurisdictions;

**Common Shares** means common shares in the capital of the Company;

**Disclosure Record** means all prospectuses, information circulars, annual information forms, financial statements, management's discussion and analysis, material change reports and other public documents filed by or with respect to the Company with applicable Commissions;

**Exchange** means the TSX Venture Exchange;

**Filing Jurisdictions** means the Provinces and Territories of Canada;

**Governmental Entity** means any:

- (a) multinational, federal, provincial, territorial, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (b) any subdivision or authority of any of the foregoing; or
- (c) any quasi-governmental or private body exercising a regulatory, expropriation or taxing authority under or for the account of any of the above;

**Indemnified Party** has the meaning given in section 10.3(a) of this Agreement;

**Indemnifying Party** has the meaning given in section 10.3(a) of this Agreement;

**Laws** means any and all applicable laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, instruments, policies, guidelines, and general principles of common law and equity, binding on or affecting the Person referred to;

**Material Adverse Change** means any change, development, event or occurrence with respect to the business, condition (financial or otherwise), properties, assets, liabilities (contingent or otherwise), capital, cash flow, operations, or results of operations of the Company and its subsidiaries on a consolidated basis, that is, or would reasonably be expected to be, material and adverse to the Company and its subsidiaries on a consolidated basis;

**Material Change** has the meaning given in the *Securities Act*;

**Misrepresentation** means:

- (a) a “misrepresentation” as defined in Section 1(1) of the *Securities Act*; or
- (b) as to any document, any untrue statement of a material fact or omission to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

**NI 45-106** means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;

**Non-Qualifying Jurisdiction** means any jurisdiction other than the Qualifying Jurisdictions;

**Order** means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Entity or by any arbitrator;

**Other Standby Guarantor** means any other Person who has agreed to act as a standby guarantor in connection with the Rights Offering;

**Person** means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, trust, estate, custodian, trustee, executor, administrator, nominee or other entity or organization, including (without limitation) a Governmental Entity or political subdivision or an agency or instrumentality thereof;

**Qualifying Jurisdictions** means the Filing Jurisdictions, and such other jurisdictions outside Canada where it is lawful to mail the Rights Offering Circular and the certificates representing the Rights to Shareholders resident therein;

**Record Date** means the record date for the purpose of the Rights Offering that will be established by the Company in accordance with Securities Laws and set out in the Rights Offering Circular;

**Regulatory Authorities** means the Commissions and the Exchange;

**Rights** means the transferable rights that will be distributed to each Shareholder on the Record Date to subscribe for Rights Units at the Subscription Price under the Rights Offering;

**Rights Agent** means Computershare Trust Company of Canada;

**Rights Expiry Date** has the meaning given in section 2.1 of this Agreement;

**Rights Expiry Time** means 4:30 p.m. (Vancouver time) on the Rights Expiry Date;

**Rights Offering** means the offering by the Company of the Rights undertaken in accordance with Article 2;

**Rights Offering Circular** means, collectively, the rights offering circular prepared in accordance with NI 45-106F15, the Rights Offering Notice, the rights certificate and any Circular Amendment thereof;

**Rights Offering Notice** means, the rights offering notice prepared in accordance with NI 45-106F14 and mailed to all Shareholders in a Qualifying Jurisdiction as of the Record Date and

including the rights certificate attached to the notice evidencing the Shareholder's Rights to purchase Rights Units;

**Rights Shares** means the Common Shares comprised in the Rights Units;

**Rights Units** means the Units which may be issued on exercise of the Rights;

**Rights Warrants** means the transferable warrants to purchase Rights Warrant Shares comprised in the Rights Units;

**Rights Warrant Shares** mean the Common Shares issuable on exercise of the Rights Warrants;

**Securities** means the Rights, the Rights Shares, Rights Warrants, the Rights Warrant Shares, the Standby Shares, the Standby Warrants, the Standby Warrant Shares, the Bonus Warrants and the Bonus Warrant Shares;

**Securities Act** means the *Securities Act* (British Columbia);

**Securities Laws** means all applicable securities Laws of each of the Qualifying Jurisdictions and the applicable rules of the Exchange;

**SEDAR** means the System for Electronic Document Analysis and Retrieval (SEDAR) as further described in National Instrument 13-101 of the Canadian Securities Administrators;

**Shareholder** means a holder of record of Common Shares of the Company;

**Standby Guarantee** has the meaning given in Section 3.1 of this Agreement;

**Standby Shares** means the Common Shares comprised in the Standby Units;

**Standby Units** means the number of Rights Units which remain unsubscribed for by holders of Rights on the Rights Expiry Date of all Rights Units issuable under the Rights Offering that the Standby Guarantor has committed to purchase;

**Standby Warrants** means the transferable warrants to purchase Common Shares comprised in the Standby Units;

**Standby Warrant Shares** mean the Common Shares issuable on exercise of the Standby Warrants; and

**Subscription Price** has the meaning given in Section 2.1;

## **1.2 Headings, etc.**

The division of this Agreement into articles, sections, paragraphs and clauses and the provision of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this agreement", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular article, section, paragraph, clause or other portion of this Agreement and include any agreement or instrument supplemental or ancillary to this Agreement. Unless something in the subject matter or context is inconsistent with this Agreement, references in this Agreement to articles, sections, paragraphs or clauses are to articles, sections, paragraphs or clauses of this Agreement.

### **1.3 Plurality and Gender**

Words importing the singular number only will include the plural and vice versa, words importing any gender will include all genders.

### **1.4 Currency**

Unless otherwise specifically stated, all references to dollars and cents in this Agreement are to the lawful currency of Canada.

### **1.5 Governing Law**

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia. Each party unconditionally and irrevocably submits to the nonexclusive jurisdiction of the courts of the Province of British Columbia regarding all matters arising out of this Agreement.

### **1.6 Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part of this Agreement and the remaining part of such provision and all other provisions of this Agreement will continue in full force and effect. The parties to this Agreement agree to negotiate in good faith a substitute provision which will be as close as possible to the intention of any invalid or unenforceable provision as may be valid or enforceable. The invalidity or unenforceability of any provision in any particular jurisdiction will not affect its validity or enforceability in any other jurisdiction where it is valid or enforceable.

### **1.7 Statutes**

Any reference to a statute, act or law will include and will be deemed to be a reference to such statute, act or law and to the regulations, instruments and policies made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute, act or law that may be passed which has the effect of supplementing or superseding such statute, act or law so referred to.

## **ARTICLE 2 CONDUCT OF THE RIGHTS OFFERING**

### **2.1 Terms of Rights Offering**

Under the Rights Offering, the Company will distribute, on a pro rata basis at no charge, Rights to each Shareholder resident in the Qualifying Jurisdictions as of the Record Date on the basis of one Right for each Common Share held. Each such Right will be transferable. Each Right will entitle the holder to purchase, at the election of such holder, one Rights Unit (the "**Basic Subscription Privilege**") at a price per Rights Unit equal to \$0.05 (the "**Subscription Price**"). Each Rights Warrant will entitle the holder to purchase one Rights Warrant Share at a price of \$0.10 until 4:30 p.m. (Toronto, ON time) on the date that is five years from the date of issuance of the Rights Warrant. The Rights will expire at 4:30 p.m. (Toronto, ON time) on November 19, 2020 (the "**Rights Expiry Date**").

## **2.2 Additional Subscription Privilege**

Under Securities Laws, each holder of Rights who has exercised in full the Basic Subscription Privilege attaching to such holder's Rights, will be entitled, on a pro rata basis (based on the number of Rights which it exercised under the Basic Subscription Privilege as a proportion of all Rights exercised under the Basic Subscription Privilege), to subscribe for additional Rights Units at the Subscription Price, to the extent that other holders of Rights do not exercise all of their Rights under the Basic Subscription Privilege (the "**Additional Subscription Privilege**").

## **2.3 Closing**

The completion of the purchase of Rights Units under the Basic Subscription Privilege and the Additional Subscription Privilege by each Rights holder will occur at the time, and in the manner set forth in the Rights Offering Circular, and if there is any conflict between the provisions of this Agreement and the provisions of the Rights Offering Circular, the provisions of the Rights Offering Circular will prevail.

# **ARTICLE 3 STANDBY GUARANTEE**

## **3.1 Standby Guarantee**

In order to guarantee that the exercise of 5,000,000 of the Rights (the **Standby Guarantee**) on the Closing Date, the Standby Guarantor will purchase up to 5,000,000 Standby Units for up to \$250,000.

## **3.2 Standby Guarantor's Obligations**

The obligations of the Standby Guarantor pursuant to Section 3.1 will be several only (as distinguished from joint obligations of each Other Standby Guarantor), and will terminate upon the termination of this Agreement for any reason. If any Other Standby Guarantor either defaults on its, his or her obligation or terminates its, his or her obligations under its standby guarantee agreement, the Company cannot obligate the Standby Guarantor to exercise the standby guarantee of the defaulting or terminating Other Standby Guarantor and the Standby Guarantor will not be liable to the Company with respect to a default by any Other Standby Guarantor. If one or more of the Other Standby Guarantors fails to purchase its, his or her proportionate share of the Rights Units at the Closing Time, the Standby Guarantor and the remaining Other Standby Guarantor(s) will have the right, but will not be obligated, to purchase on a pro-rata basis (or in such other proportion as the Standby Guarantor and the remaining Other Standby Guarantors may mutually agree) all, but not less than all, of the Rights Units not purchased by the defaulting Standby Guarantor.

## **3.3 Payment for Standby Units**

Subject to and in accordance with the terms of this Agreement, on the Closing Date, if the Company exercises the Standby Guarantee, the Standby Guarantor will pay in immediately available funds by wire transfer to an account designated by the Company, or by certified cheque payable to the Company or its counsel, the aggregate Subscription Price that is payable for the Standby Units to be purchased by the Standby Guarantor under this Agreement, and the Company will issue the Standby Units to the Standby Guarantor and deliver the certificate(s) representing such Standby Units as soon as practicable thereafter, but in any event within two Business Days following the Closing Date.

### 3.4 Evidence of Financial Ability

The Standby Guarantor will provide to the Company such evidence as may be required by the applicable Regulatory Authorities that the Standby Guarantor has the financial ability to carry out the “stand-by commitment” (as defined under NI 45-106) constituted by this Agreement, as required under Part 2 of NI 45-106.

### 3.5 Restrictions on Sale

The Standby Guarantor agrees to sell the Standby Units only in accordance with all applicable Securities Laws, and not to sell or distribute, directly or indirectly, the Standby Units in such a manner as to:

- (a) require registration by the Company of the Standby Units or the filing by the Company of a prospectus or any similar document in any jurisdiction; or
- (b) result in the Company becoming subject to reporting or disclosure obligations to which it is not subject as at the date of this Agreement.

### 3.6 Bonus Warrants

In consideration for the Standby Guarantee, the Company will issue to the Standby Guarantor up to 1,250,000 non-transferable share purchase warrants (the **Bonus Warrants**) being 25% of the number of Rights Units the Standby Guarantor has committed to purchase. Each Bonus Warrant will entitle the Standby Guarantor to purchase one Common Share exercisable at the Subscription Price for five years after the Closing Date. The Bonus Warrants will have the terms and conditions set out in this Agreement as well as in the certificate representing the Bonus Warrants.

## ARTICLE 4 COVENANTS

### 4.1 Covenants of the Company

Subject to and in accordance with the terms of this Agreement, the Company agrees with the Standby Guarantor that:

- (a) **Rights Offering Circular and Qualification.** The Company will prepare and file the Rights Offering Circular with the Regulatory Authorities, and take all other steps and proceedings that may be necessary in order to exempt the distribution of the Rights and the Rights Units in the Qualifying Jurisdictions and take such steps and proceedings that may be necessary in order to qualify or exempt the distribution of the Standby Units in the applicable jurisdictions where such Standby Units will be distributed.
- (b) **Supplementary Material.** If required by Securities Laws, the Company will prepare any Circular Amendment or any other document required to be filed by it under the Securities Laws. The Company will also promptly, and in any event within any applicable time limitation, comply with all applicable filing and other requirements under the Securities Laws as a result of any Material Change.
- (c) **Changes to Terms.** The Company will not amend the terms of the Rights Offering, including for greater certainty any change to the Subscription Price, without the

written consent of the Standby Guarantor, which consent will not be unreasonably withheld or delayed.

- (d) **Consents and Approvals.** The Company will use its best efforts to obtain all necessary consents, approvals or exemptions in the Qualifying Jurisdictions for the creation, offering and issuance of the Securities, and the entering into and performance by it of this Agreement.
- (e) **Cease Trade Order or Other Investigation.** From the date of this Agreement to the earlier of: (i) the Closing Date; and (ii) the termination of this Agreement, the Company will immediately notify the Standby Guarantor in writing of any written demand, request or inquiry (formal or informal) by any Commission, the Exchange or other Governmental Entity that concerns any matter related to the Company's affairs that may affect the Rights Offering or the transactions contemplated in this Agreement, or that relates to the issuance, or threatened issuance, by any such authority of any cease trading or similar order or ruling relating to any of the Company's securities. Any such notice delivered to the Standby Guarantor will contain reasonable details of the demand, request, inquiry, order or ruling in question. The Company will use its best efforts to prevent the issuance of any orders contemplated by this Section 4.1(e) and, if issued, to obtain their prompt withdrawal.
- (f) **Exchange Acceptance.** The Company will take all action as may be necessary and appropriate to obtain conditional acceptance by the Exchange of the issuance of the Rights, the Rights Units, the Standby Units and the Bonus Warrants, subject to receipt of customary final documentation.
- (g) **Securities Laws.** The Company will take all action as may be necessary and appropriate so that the Rights Offering and the transactions contemplated in this Agreement will be effected in accordance with Securities Laws. The Company will not file the Rights Offering Circular and the Rights Offering Notice without first providing a copy of such documents to the Standby Guarantor and its, his or her advisors who will have a reasonable period of time to review and comment on such documents.
- (h) **Obtaining of Report.** The Company will cause the Rights Agent to deliver to the Standby Guarantor, as soon as practicable following the Rights Expiry Time, details concerning the total number of Rights Units duly subscribed and paid for by holders of Rights under the Rights Offering, including (without limitation) those subscribed and paid for under the Additional Subscription Privilege.
- (i) **No Issuance of Securities.** Other than under the Rights Offering, the Bonus Warrants and the grant and exercise of stock options, during the period from the date of this Agreement until the Closing Date, the Company will not issue any Common Shares or securities convertible or exchangeable or exercisable into Common Shares.
- (j) **Mailing of Materials.** The Company will complete the mailing of commercial copies of the Rights Offering Notice to each of the Shareholders as of the Record Date in the Qualifying Jurisdictions as soon as possible following the Record Date. The Company may mail commercial copies of the Rights Offering Notice to Shareholders not residents of the Qualifying Jurisdictions so long as such Shareholders satisfy to the Company that receipt of the Rights Offering Notice is

lawful and complies with the Securities Laws and other laws applicable in the Qualifying Jurisdictions and the jurisdiction where such Shareholder resides.

- (k) **Exercise of the Rights.** The Company will use such commercially reasonable efforts as the Standby Guarantor may reasonably request to enforce payment for Rights Units, or to otherwise ensure the valid exercise of, all Rights purported to be exercised either under the Basic Subscription Privilege or the Additional Subscription Privilege.
- (l) **Use of Proceeds.** The net proceeds (net of all legal, accounting and other fees and expenses related to the Rights Offering) received by the Company in connection with the Rights Offering will be used as set forth in the Rights Offering Circular.

## **ARTICLE 5 MATERIAL CHANGES**

### **5.1 Material Changes During Distribution**

- (a) During the period from the date of this Agreement to the Closing Date, the Company will promptly notify the Standby Guarantor in writing of any Material Change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and its subsidiaries taken as a whole.
- (b) During the period from the date of this Agreement to the Closing Date, the Company will promptly notify the Standby Guarantor in writing of:
  - (i) any material fact that has arisen or been discovered and that would be required to be disclosed in the Rights Offering Circular if filed on such date; and
  - (ii) any change in any material fact contained in the Rights Offering Circular, which fact or change is, or may be, of such a nature as to result in a Misrepresentation in the Rights Offering Circular or that would result in the Rights Offering Circular not complying with applicable Securities Laws.
- (c) The Company will promptly, and in any event within any applicable time limitation, comply, to the satisfaction of the Standby Guarantor, acting reasonably, with all applicable filings and other requirements under the Securities Laws as a result of such material fact or Material Change.

### **5.2 Change in Securities Laws**

If, before the Rights Expiry Date, there is any change in the Securities Laws that, in the opinion of the Standby Guarantor, acting reasonably, requires the filing of a Circular Amendment, the Company will, to the satisfaction of the Standby Guarantor, acting reasonably, promptly prepare and file such Circular Amendment with the Regulatory Authorities.

### **5.3 Change in Closing Date**

If a Material Change occurs after the date of filing of the Rights Offering Circular with the Regulatory Authorities and prior to the Closing Date, then, subject to Article 8, the Closing Date

will be, unless the Company and the Standby Guarantor otherwise agree in writing, the later of the previously scheduled Closing Date and the sixth Business Day following the date on which all applicable filings or other requirements of the Securities Laws related to such Material Change have been complied with in all Qualifying Jurisdictions and any appropriate documents obtained for such filings and notice of such filings from the Company or the Company's counsel have been received by the Standby Guarantor. For greater certainty, under no circumstances will the exercise period for the Rights Offering exceed ninety (90) days.

## **ARTICLE 6 WARRANTIES AND REPRESENTATIONS OF THE COMPANY**

### **6.1 Representations**

The Company warrants and represents to the Standby Guarantor that:

- (a) the Company and its subsidiaries have been duly incorporated and organized and are validly existing and in good standing under the Laws of their respective corporate jurisdictions;
- (b) it has all requisite corporate power to enter into and perform this Agreement, to own or lease its property and to carry on the part of the business as now being conducted by it;
- (c) no order ceasing or suspending the trading of the Common Shares has been issued to or is outstanding against the Company;
- (d) the Securities will, when issued, be duly authorized and validly issued securities of the Company, enforceable against the Company in accordance with their terms;
- (e) before such time as the Securities are issued, all necessary documents will have been filed and other necessary steps taken to permit the distribution and issuance of the Securities under the Securities Laws;
- (f) the authorized capital of the Company consists of an unlimited number of Common Shares, of which 12,919,304 Common Shares are issued and outstanding as of the date of this Agreement. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Company of any Common Shares or other securities of the Company, other than as disclosed in the Disclosure Record;
- (g) the signing, delivery and performance by the Company of this Agreement:
  - (i) has been duly authorized by all necessary corporate action on its part;
  - (ii) does not and will not, with the giving of notice, the lapse of time or the happening of any other event or condition:
    - (A) violate or conflict with any of the Company's charter documents or resolutions of the Shareholders, directors or any committee of directors of the Company or any of its subsidiaries;
    - (B) except for the required filings, acceptance or approval of the Exchange or as required by Securities Laws related to the filing of

the Rights Offering Circular, require any authorization, consent, approval, exemption or other action by, or notice to, any stock exchange, Governmental Entity or court;

- (C) violate or conflict with, or constitute a default under any material agreement to which the Company or any of its subsidiaries is a party or by which any of them or any of their assets or properties may be bound or affected;
  - (D) violate or conflict with any material license, permit, approval, consent, certificate, registration or authorization held by the Company or any of its subsidiaries and necessary to carry on the Company's business or to own or lease any of the material property or assets utilized by the Company and its subsidiaries;
- (iii) does not and will not result in the violation of any applicable Laws or any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Company or any of its subsidiaries;
- (h) this Agreement has been duly signing and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms; and
- (i) the Company is a reporting issuer in British Columbia and Alberta and is in compliance in all material respects with all applicable, and is not in default of any, requirements of applicable Securities Laws. The Common Shares are listed on the Exchange and the Company is in compliance in all material respects with all applicable rules of the Exchange.

## **6.2 Survival**

All representations and warranties of the Company contained in this Agreement will survive the completion of the purchase of Standby Units by the Standby Guarantor and will continue in full force and effect for two years despite any investigation, inquiry or other steps which may be taken by or on behalf of the Standby Guarantor.

## **6.3 Notification**

The Company will notify the Standby Guarantor forthwith if it becomes aware of a fact or circumstance which has caused or would be reasonably likely to cause a representation or warranty set out in this Article 6 to become untrue, inaccurate or misleading at any time (by reference to circumstances subsisting at that time) before the Closing Date.

## **ARTICLE 7**

### **REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE STANDBY GUARANTOR**

#### **7.1 Representations**

The Standby Guarantor represents and warrants to the Company that:

- (a) the signing, delivery and performance by the Standby Guarantor of this Agreement:

- (i) does not and will not, with the giving of notice, the lapse of time or the happening of any other event or condition, result in a breach or a violation of, or conflict with, any of the terms or provisions of any material agreements to which he is a party or by which the Standby Guarantor or any of his assets or property may be affected; and
- (ii) will not result in the violation of any applicable Laws by it;
- (b) this Agreement has been duly executed and delivered by it, him or her and constitutes a legal, valid and binding obligation of it, enforceable against it, him or her in accordance with its terms; and
- (c) the Standby Guarantor has, and on the Closing Date will have (regardless of the number of Rights that are exercised by the holders of Rights prior to the Rights Expiry Time), the financial ability and sufficient funds to make and complete the payment for the Standby Units that it, he or her has committed to purchase under the Standby Guarantee, and the availability of such funds is not and will not be subject to the consent, approval or authorization of any other Person. The Standby Guarantor acknowledges and covenants that it, he or she will, in connection with Section 2.1(3)(i)(ii) of NI 45-106, deliver to the Company satisfactory evidence of the foregoing for delivery to the Commissions at or prior to the time of filing of the Rights Offering Circular with the Commissions;

## **7.2 Covenants and Agreements**

If required under applicable Laws or Securities Laws or under the rules and policies of the Exchange, the Standby Guarantor will use commercially reasonable efforts to assist the Company to sign, deliver and file all required reports and other documents related to the issue of the Rights, the Rights Units and the Standby Units, provided that the Company acknowledges and agrees that it has not engaged the Standby Guarantor to act as underwriters (as defined under applicable Securities Laws) and the Standby Guarantor will not be required to sign a certificate in the Rights Offering Circular in that capacity or any other capacity.

## **7.3 Survival**

All representations and warranties of each party contained in this Agreement or contained in any document delivered pursuant to this Agreement or in connection with the Rights Offering contemplated in this Agreement will survive the completion of the purchase of Securities by the Standby Guarantor under this Agreement and will continue in full force and effect for two years despite any investigation, inquiry or other steps which may be taken by or on any party's behalf.

## **7.4 Notification**

The Standby Guarantor will notify the Company forthwith if it becomes aware of a fact or circumstance which has caused or would be reasonably likely to cause a representation or warranty set out in this Article 7 to become untrue, inaccurate or misleading at any time (by reference to circumstances subsisting at that time) before the Closing Date.

## **ARTICLE 8 CLOSING AND CONDITIONS**

### **8.1 Closing**

The closing of the purchase by the Standby Guarantor and sale by the Company of the Standby Units to be purchased by the Standby Guarantor under this Agreement (the **Closing**) will be completed at the office of Boughton Law Corporation at 4:00 p.m. (Vancouver time) (the **Closing Time**) on the Closing Date or at such other time and/or on such other date and/or at such other place as the Company and the Standby Guarantor may agree upon in writing. On the Closing Date, and upon payment being made by the Standby Guarantor for the Standby Units in accordance with Section 3.3, the Company will issue, and thereafter deliver as soon as practicable, to the Standby Guarantor certificates representing the Standby Units, registered in the name of the Standby Guarantor or one or more designee of the Standby Guarantor, as applicable.

### **8.2 Guarantor's Conditions**

The obligation of the Standby Guarantor to complete the transactions set out in this Agreement is subject to the following conditions being satisfied in full, to the satisfaction of the Standby Guarantor:

- (a) the absence of any Material Adverse Change between the date of this Agreement and Closing;
- (b) the Exchange will have conditionally accepted the issuance of the Securities, subject to receipt of customary final documentation;
- (c) the Company will have made and/or obtained all necessary filings, approvals, orders, rulings and consents of all relevant Regulatory Authorities and other governmental and regulatory bodies required in connection with the Rights Offering and the purchase of the Standby Units by the Standby Guarantor as contemplated by this Agreement;
- (d) the Company will have performed or complied with, in all material respects, each of its terms, conditions and covenants contained in this Agreement and each of its representations and warranties will be true and correct as of the Closing Time with the same force and effect as if made at and as of such time; and
- (e) the completion of the Rights Offering will have been conducted in accordance with applicable Laws, the Rights Offering Circular and this Agreement.

### **8.3 Mutual Conditions**

The obligation of the Standby Guarantor and the Company to complete the transactions set out in this Agreement is subject to the following conditions being satisfied in full, to the satisfaction of the Standby Guarantor and the Company acting separately (each of which may only be waived by mutual consent):

- (a) there will be no inquiry, investigation (whether formal or informal) or other proceeding commenced by a Governmental Entity under applicable Laws in relation to the Company or any of its subsidiaries or in relation to any of the directors and officers of the Company or any of its subsidiaries or in relation to the

Standby Guarantor, any of which suspends or ceases trading (which suspension or cessation of trading is continuing) in the Rights or Common Shares or operates to prevent or restrict the lawful distribution of the Securities (which prevention or restriction is continuing);

- (b) there will be no Order issued by a Governmental Entity pursuant to applicable Laws and no change of Law, either of which suspends or ceases trading in the Rights or Common Shares (which suspension or cessation of trading is continuing) or operates to prevent or restrict the lawful distribution of the Rights, Rights Units or Standby Units (which prevention or restriction is continuing); and
- (c) there will not be any claims, litigation, investigations or proceedings, including appeals and applications for review, in progress, pending, commenced or threatened by any Person, in respect of the Rights Offering, that is reasonably likely to result in a Material Adverse Change.

#### **8.4 Performance by the Company**

The Company agrees that the conditions contained in Section 8.2 and 8.3 will be complied with so far as such conditions relate to acts to be performed or to be caused to be performed by the Company and that it will use its commercially reasonable efforts to cause such conditions to be complied with.

#### **8.5 Company Conditions**

Provided that the Company has used commercially reasonable efforts to comply with (or cause to be complied with) such conditions, the Company's obligation to complete the transactions set out in this Agreement is subject to the following condition that the Standby Guarantor will have performed or complied with, in all material respects, each of its, his or her terms, conditions and covenants contained in this Agreement and each of its, his or her representations and warranties will be true and correct as of the Closing Time with the same force and effect as if made at and as of such time.

### **ARTICLE 9 TERMINATION**

#### **9.1 Termination by the Company**

The Company will be entitled, at any time and in its sole discretion, to elect to terminate this Agreement by giving written notice of such election to the Standby Guarantor, if:

- (a) the Standby Guarantor is in material default of its, his or her obligations under this Agreement and fails to remedy such breach on or before the date that is five Business Days following the date upon which the Company has provided written notice of such breach; or
- (b) if any of the conditions set out in Section 8.3 or 8.5 are not satisfied as at the Closing Time.

## **9.2 Termination by the Standby Guarantor**

The Standby Guarantor will be entitled, by giving written notice to the Company at any time prior to the Rights Expiry Time, to terminate and cancel, without any liability on the Standby Guarantor's part, the obligations of the Standby Guarantor under this Agreement, if:

- (a) there is any Material Adverse Change between the date of this Agreement and Closing;
- (b) any representation or warranty of the Company made in this Agreement is determined not to have been true and correct when made or ceases to be true and correct, or if any covenant of the Company made in this Agreement is not complied with;
- (c) the Company is in material default of its obligations under this Agreement and fails to remedy such breach on or before the date that is five Business Days following the date upon which the Company has been provided written notice of such breach;
- (d) if any of the conditions set out in Section 8.2 or 8.3 are not satisfied on or before the Closing Time;
- (e) the Common Shares or the Rights are de-listed or suspended or halted for trading for more than five Business Days for any reason by the Exchange at any time prior to the closing of the Rights Offering; or
- (f) if the Rights Offering is terminated or cancelled.

Despite any other provision of this Agreement, if the Company or the Standby Guarantor validly terminates its, his or her obligations under this Agreement in accordance with this Article 9 the obligations of both the Company and the Standby Guarantor under this Agreement will terminate, and there will be no further liability on the part of either of the Standby Guarantor to the Company or on the Company's part to the Standby Guarantor hereunder (except for any liability of any party that exists at such time or that may arise thereafter pursuant to Section 12.1).

## **ARTICLE 10 INDEMNIFICATION**

### **10.1 Indemnification by the Company**

The Company agrees to protect, indemnify and hold harmless the Standby Guarantor for and on behalf of itself and for and on behalf of and in trust for each of its directors, officers, employees, agents and shareholders from and against any and all losses claims, damages, liabilities, costs or expense caused or incurred:

- (a) by reason of or in any way arising, directly or indirectly, out of any Misrepresentation or alleged Misrepresentation in the Rights Offering Circular other than any Misrepresentation or alleged Misrepresentation relating to any information in the Rights Offering Circular relating to the Standby Guarantor approved in writing by the Standby Guarantor for inclusion in the Rights Offering Circular;

- (b) by reason of or in any way arising, directly or indirectly, out of any Order made or inquiry, investigation or proceeding commenced or threatened by any Commission, or any other competent authority in Canada or before or by any Governmental Entity, based upon or relating to the Rights Offering or the other transactions contemplated in this Agreement including, without limitation, any actions taken or statements made by or on behalf of the Company in connection with the Rights Offering or the other transactions contemplated in this Agreement or any Misrepresentation or alleged Misrepresentation relating to any information in the Rights Offering Circular relating to the Standby Guarantor and provided by the Standby Guarantor;
- (c) the non-compliance or alleged non-compliance by the Company with any requirement of the Securities Laws or any other applicable Laws in connection with the Rights Offering or the other transactions contemplated in this Agreement, including the Company's non-compliance with any statutory requirement to make any document available for inspection; and/or
- (d) by reason of, or in any way arising, directly or indirectly, out of any material breach or default of or under any representation, warranty, covenant or agreement of the Company contained in this Agreement.

## **10.2 Indemnification by the Standby Guarantor**

The Standby Guarantor agrees, solely with respect to itself or himself, to protect, indemnify and hold harmless the Company for and on behalf of itself or himself and for and on behalf of and in trust for each of its directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities, costs or expenses caused or incurred by reason of, or in any way arising, directly or indirectly, out of any breach or default of or under any representation, warranty, covenant or agreement of the Standby Guarantor contained in this Agreement or by reason of or in any way arising, directly or indirectly, out of any Misrepresentation or alleged Misrepresentation relating to any information in the Rights Offering Circular relating to the Standby Guarantor approved in writing by the Standby Guarantor for inclusion in the Rights Offering Circular.

## **10.3 Indemnification Process**

- (a) If any claim, action, suit or proceeding, including, without limitation, any inquiry or investigation (whether formal or informal), is brought or instituted against any of the Persons in respect of which indemnification is or might reasonably be considered to be provided for in this Article 10, such Person (an "**Indemnified Party**") will promptly notify the Person from whom indemnification is being sought (being either the Company under Section 10.1 or the Standby Guarantor under Section 10.2, as the case may be (the "**Indemnifying Party**")) and the Indemnifying Party will promptly retain counsel who will be reasonably satisfactory to the Indemnified Party to represent the Indemnified Party in such claim, action, suit or proceeding, and the Indemnifying Party will pay all of the reasonable fees and disbursements of such counsel relating to such claim, action, suit or proceeding.
- (b) In any such claim, action, suit or proceeding, the Indemnified Party will have the right to retain other counsel to act on his, her or its behalf, provided that the fees and disbursement of such other counsel will be paid by the Indemnified Party unless:

- (i) the Indemnifying Party and the Indemnified Party have mutually agreed to the retention of such other counsel; or
  - (ii) the named parties to any such claim, action, suit or proceeding (including any added, third or interpleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them (such as the availability of different defenses).
- (c) Subject to Section 10.3(b), the Indemnifying Party will not, in connection with any such claim, action, suit or proceeding in the same jurisdiction, be liable for the reasonable fees and expense of more than one separate legal firm for all Persons in respect of which indemnification is or might reasonably be considered to be provided for in this Article 10 and such firm will be designated in writing by the Indemnified Party (on behalf of itself and its directors, officers, employees, agents and shareholders).
- (d) Despite anything contained in this Agreement, no Indemnified Party will agree to any settlement of any such claim, action, suit, proceeding, inquiry or investigation in respect of which indemnification is or might reasonably be considered to be provided for in this Agreement, unless the Indemnifying Party has consented in writing to the settlement, and the Indemnifying Party will not be liable for any settlement of any such claim, action, suit, proceeding, inquiry or investigation unless it has consented in writing.
- (e) If the indemnification provided for in this Article 10 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party related to any losses, claims, damages or liabilities referred to in this Article 10, the Indemnifying Party, in lieu of indemnifying such Indemnified Party, will to the extent permitted by applicable Law contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the act or omission that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party will be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission provided, however, that no person guilty of fraudulent misrepresentation will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.
- (f) The obligations of the Company and the Standby Guarantor under this Article 10 will survive completion of the Rights Offering and the termination of this Agreement. No Indemnifying Party, in the defence of any such claim or litigation, will, except with the consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

## **ARTICLE 11 NOTICE**

### **11.1 Notice**

Any notice under this Agreement will be given in writing and must be delivered, sent by facsimile or email or mailed by prepaid post and addressed to the party to which notice is to be given at the following address, or at another address designated by such party in writing:

(a) if to the Company:

Jackpot Digital Inc.  
570 Granville Street #400  
Vancouver, BC V6C 3P1

Attn: Jake H. Kalpakian  
Email: [jake@jackpotdigital.com](mailto:jake@jackpotdigital.com)  
Facsimile: (604) 681-9428

(b) if to the Standby Guarantor:

AlphaNorth Asset Management Inc.  
Email: [steve@alphanorthasset.com](mailto:steve@alphanorthasset.com)

If notice is sent by facsimile or email or is delivered, it will be deemed to have been given at the time of transmission or delivery. If notice is mailed, it will be deemed to have been received five (5) business days following the date of mailing of the notice. If there is an interruption in normal mail service due to strike, labour unrest or other cause at or prior to the time a notice is mailed, the notice will be sent by facsimile or will be hand delivered.

## **ARTICLE 12 GENERAL**

### **12.1 Expenses**

Whether or not the transactions contemplated in this Agreement are completed, all expenses of or incidental to the Rights Offering and the transactions contemplated in this Agreement or in the Rights Offering Circular including, without limitation: all reasonable fees and disbursements of counsel, including counsel to the Standby Guarantor (to a maximum of \$1,000 for the Standby Guarantor's legal expenses), transfer agents, outside consultants and experts (including appraisers, engineers and credit reports), filing fees, printing costs, the preparation and holding of information meetings, the reasonable out-of-pocket costs related to information meetings and travel, and the Standby Guarantor's reasonable out-of-pocket expenses including the Standby Guarantor's reasonable travel expenses in connection with due diligence (including hotel accommodations and meals) together with all applicable taxes thereon, will be borne by and be for the account of the Company.

### **12.2 Further Assurances**

From time to time after the date of this Agreement, the parties to this Agreement will sign, acknowledge and deliver to the other parties such other instruments, documents and certificates and will take such other actions as the other parties may reasonably request to consummate the transactions contemplated by this Agreement.

### **12.3 Assignment**

This Agreement may not be assigned by any party to this Agreement, by operation of law or otherwise, without the prior written consent of each of the other parties to this Agreement.

### **12.4 Enurement**

This Agreement will enure to the benefit of and be binding upon the parties to this Agreement and their respective heirs, executors, successors and permitted assigns.

### **12.5 Waiver**

Failure by any party to this Agreement to insist in any one or more instances upon the strict performance of any one of the covenants or rights contained in this Agreement will not be construed as a waiver or relinquishment of such covenant or right. No waiver by either party to this Agreement of any such covenant or right will be deemed to have been made unless expressed in writing and signed by the waiving party.

### **12.6 Amendments**

No term or provision of this Agreement may be amended, discharged or terminated except in writing and signed by the party against which the enforcement of the amendment, discharge or termination is sought.

### **12.7 Counterparts and Facsimile**

This Agreement may be signed in several counterparts and by facsimile or email, each of which when so signed will be deemed to be an original and such counterparts and facsimiles and electronic copies together will constitute one and the same document and despite their date of signature they will be deemed to be dated as of the date of this Agreement. This Agreement will be deemed to have been entered into and to have become effective at the location at which the Standby Guarantor will have signed an original, counterpart or facsimile or email version of this Agreement, without regard to the place at which the Company will have signed this Agreement.

### **12.8 Time**

Time is of the essence of this Agreement.

### **12.9 Entire Agreement**

This Agreement and any other agreements and other documents referred to in this Agreement and delivered in connection with this Agreement, constitutes the entire agreement between the parties to this Agreement pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether verbal or written, between the parties related to the subject matter of this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date on the first page.

**JACKPOT DIGITAL INC.**

Per: "*Jake H. Kalpakian*"  
Name: Jake H. Kalpakian  
Title: Director

**AlphaNorth Asset Management Inc.**

Per: "*Steve Palmer*"  
Name: Steve Palmer  
Title: President