

JACKPOT DIGITAL INC.
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INFORMATION CIRCULAR

(containing information as at October 21, 2022 unless indicated otherwise)

**For the Annual General Meeting
to be held on Monday, December 5, 2022**

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the Management of JACKPOT DIGITAL INC. (the “Company”), for use at the Annual General Meeting (the “Meeting”), of the Shareholders of the Company, to be held on Monday, the 5th day of December, 2022, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The enclosed Instrument of Proxy is solicited by management of the Company. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Shareholders, employees, communities and other stakeholders, Meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference. Those who attend the Meeting by teleconference are requested to read the notes to the enclosed form of proxy and then to, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out therein and in the Circular accompanying this notice of Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of Proxy are directors and/or officers of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY’S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, OR BY TOLL FREE FAX AT 1-866-249-7775 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Instrument of Proxy must be signed and dated by the Shareholder or by his attorney in writing, or, if the Shareholder is a Corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a Corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited at the Company’s Registrar and Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxy holder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS

INFORMATION CIRCULAR. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than one-half of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a Special Resolution, in which case a majority of not less than two thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares (“**Common Shares**”) held by Shareholders of the Company who have an interest in the motion and their “associates”, as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this information circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker’s clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the Common Shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such Common Shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

All references to Shareholders in this Circular and the accompanying form of proxy are to registered Shareholders unless specifically stated otherwise.

NOTICE AND ACCESS

Effective February 11, 2013, the Canadian Securities Administrators adopted regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily accessible website, rather than mailing physical copies of materials.

The Company elected to use the “notice and access” provisions under National Instrument 54-101 for the Meeting and has decided to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website

(<https://www.jackpotdigital.com/generalmeeting.html>) as of November 1, 2022 and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at www.sedar.com as of November 1, 2022.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's authorized capital consists of an unlimited number of Common Shares without par value. As at October 21, 2022 (the "**Record Date**"), the Company has 131,959,302 Common Shares issued and outstanding, each share carrying the right to one vote.

Any Shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder's shares voted at the Meeting or adjournment thereof.

To the best of the knowledge of Jackpot's directors and senior officers, the following Person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding Jackpot Shares:

Name of Jackpot Shareholder	Number of Jackpot Shares	Percentage of Issued and Outstanding Jackpot Shares
AlphaNorth Partners Fund Inc., AlphaNorth Asset Management Inc. and Value Preservation Fund PCC Ltd. 130 King Street West, Suite 2210 Toronto, ON M5X 1E4	17,681,838	13.4%

EXECUTIVE COMPENSATION

Definitions: For the purpose of this Information Circular:

"CEO" means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"COO" means an individual who acted as chief operating officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year. The Company did not have a COO for the most recently completed financial year;

"closing market price" means the price at which the company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"equity incentive plan" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

"grant date" means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan;

"NEO" or "Named Executive Officer" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;

- (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 National Instrument 51-102, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

“**NI 52-107**” means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**replacement grant**” means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

“**repricing**” means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

STATEMENT OF EXECUTIVE COMPENSATION

In accordance with the provisions of applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended December 31, 2021, namely Mr. Jake Kalpakian, President, CEO and a director of the Company and Mr. Neil Spellman, CFO and a director of the Company.

CURRENCY

All currency amounts in this Information Circular are in Canadian currency unless otherwise stated.

COMPENSATION DISCUSSION AND ANALYSIS

Through its executive compensation practices, the Company seeks to provide value to its Shareholders through a strong executive leadership. Specifically, the Company's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Company's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Company's success, and align the interests of the Company's executives and Shareholders by motivating executives to increase Shareholder value.

Compensation provided to the Company's NEOs is determined and reviewed by the Company's Board of Directors. In establishing executive compensation policies, the Board of Directors takes into consideration the recommendations of management.

Compensation for the Company's NEOs consists of:

- (a) salary, consulting or management fees; and
- (b) long term incentive in the form of incentive stock options.

The specific elements of compensation and compensation levels are based on what is required to attract and retain qualified and experienced executives to assist with the continued success of the Company and are intended to provide executives with appropriate compensation and incentives so as to encourage the further growth and development of the Company.

In determining compensation for the NEOs, the Company relies solely on the experience and knowledge of the Board of Directors in terms of appropriate compensation for executive officers with similar abilities and experience acting for companies at a similar stage of development. Factors taken into account by the Board include an assessment of each NEO's experience, level of expertise,

responsibilities and previous remuneration. Other factors considered included prevailing industry demand for personnel having comparable skills and performing similar duties, the compensation the individual could reasonably expect to receive from a competitor and the Company's ability to pay.

Although the Board of Directors has not formally evaluated the risks associated with the Company's compensation policies and practices, the Board has no reason to believe that any risks that arise from the Company's compensation policies and practices are reasonably likely to have a material impact on the Company.

Option Based Awards

The Company has in effect a stock option plan (the "Stock Option Plan") in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Company has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and Shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such executive officer's long term contribution to the Company will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants.

Use of Financial Instruments

The Company does not have in place policies which restrict the ability of directors or Named Executive Officers to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a director or Named Executive Officer. Any such purchases would be subject to applicable insider reporting requirements.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets out compensation paid, payable, given, or otherwise provided, directly or indirectly, by Jackpot to each current and former NEO and director, in any capacity, for the financial years ended December 31, 2021 and 2020.

Name and position	Financial Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jake Kalpakian President, CEO and Director	2021	396,000 ⁽¹⁾	N/A	N/A	N/A	14,537 ⁽²⁾	410,537
	2020	396,000 ⁽¹⁾	N/A	N/A	N/A	12,957 ⁽²⁾	408,957
Neil Spellman CFO and Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Adam Fritz Former Chief Operating Officer ⁽⁴⁾	2021	93,750	21,000	N/A	N/A	1,205	115,955
	2020	207,294	N/A	N/A	N/A	3,589 ⁽³⁾	210,883
Gregory T. McFarlane Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Alan Artunian Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A

(1) Paid to Kalpakian Bros. of B.C. Ltd. ("**Kalpakian Bros.**"), a private company which was previously jointly controlled by Bedo Kalpakian and Jake Kalpakian (presently controlled by Jake Kalpakian), pursuant to a management services agreement. Please see "*Management Contracts*" for further particulars. Bedo Kalpakian continued to provide his services to Jackpot through Kalpakian Bros. Compensation was recorded under Jake Kalpakian since he became the controlling shareholder of Kalpakian Bros. in 2020.

(2) This amount consists of automobile, parking and medical benefits.

(2) This amount consists of automobile, parking and medical benefits.

(3) This amount consists of medical benefits.

(4) Mr. Adam Fritz was COO of Jackpot from July 24, 2019 up to December 31, 2020. During, 2021, Mr. Adam Fritz was a Consultant to Jackpot.

Stock Options and Other Compensation Securities

Details of Jackpot's Option Plan are described under the heading "***OTHER MATTERS - Approval of the Company's amended 10% Rolling Stock Option Plan***". The following table sets forth all of the outstanding option-based awards held by the NEOs and directors of Jackpot at the end of the most recently completed financial year:

Name and position	Compensation Securities						
	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of Class ⁽¹⁾	Date of Issue or Grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Jake Kalpakian <i>Director</i>	Options	395,000 ⁽²⁾ (395,000 common shares) (0.47%)	January 13, 2021	0.20	0.20	0.13	January 13, 2024
Neil Spellman <i>Director</i>	Options	400,000 ⁽²⁾ (400,000 common shares) (0.47%)	January 13, 2021	0.20	0.20	0.13	January 13, 2024
Gregory T. McFarlane <i>Director</i>	Options	400,000 ⁽²⁾ (400,000 common shares) (0.47%)	January 13, 2021	0.20	0.20	0.13	January 13, 2024
Alan Artunian <i>Director</i>	Options	400,000 ⁽²⁾ (400,000 common shares) (0.47%)	January 13, 2021	0.20	0.20	0.13	January 13, 2024
Adam Fritz ⁽²⁾ <i>Former Officer</i>	Options	400,000 ⁽²⁾ (400,000 common shares) (0.47%)	January 13, 2021	0.20	0.20	0.13	January 13, 2023

(1) Based on 84,860,716 issued and outstanding common shares as at the end of the most recently completed financial year..

(2) 25% of the Options vested immediately on the date of grant and thereafter 25% vest every six months.

(3) Mr. Adam Fritz resigned as the Chief Operating Officer of the Company on December 31, 2020. During 2021, Mr. Fritz was a Consultant to Jackpot.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

Termination and Change of Control Benefits

Pursuant to a Management Services Agreement (the "Agreement") effective July 1, 2005, as amended, the Company pays Kalpakian Bros. of B.C. Ltd. ("Kalpakian Bros.") the sum of \$33,000 plus GST per month for providing management services to the Company. Kalpakian Bros. is also entitled to reimbursement for all traveling and other expenses incurred by it in connection with performing its

services. The initial term of the Agreement was for five years. The Agreement was renewed effective as of July 1, 2010 for a further term of five years and was again renewed for a further five year term effective July 1, 2015. On July 1, 2020, Kalpakian Bros. and the Company entered into a new management services agreement (the “New Management Services Agreement”) whereby Kalpakian Bros. shall provide management services to Jackpot for a period of five years at a monthly rate of \$33,000 plus applicable taxes.

There are no other contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer’s responsibilities.

DIRECTOR COMPENSATION

During the financial year ended December 31, 2021, the Company had no standard arrangement pursuant to which directors were compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options.

MANAGEMENT CONTRACTS

Management services are provided to the Company by Kalpakian Bros. of B.C. Ltd., a private company controlled by Jake H. Kalpakian. Details of the management services agreement are described under the heading "Termination And Change of Control Benefits".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2021:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan category	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾	5,438,661	0.20	3,047,411
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL	5,438,661		3,047,411

(1) Represents the Company’s Stock Option Plan. As at December 31, 2021, the Stock Option Plan reserves for issuance pursuant to stock options a maximum number of Common Shares as is equal to 10% of the outstanding Common Shares from time to time.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Other than “routine indebtedness” as defined in applicable securities legislation, since the beginning of the last fiscal year of the Company, none of the executive officers, directors or employees or any former executive officers, directors or employees of the Company or any proposed nominee for election as a director of the Company or any of their respective associates is or has been indebted to the Company or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, none of:

- (a) the directors or senior officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) the associates or affiliates of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended December 31, 2021, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) the associates or affiliates of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended December 31, 2021 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements and the Auditor's Report thereon together with Management's Discussion and Analysis for the financial year ended December 31, 2021 are available on SEDAR at www.sedar.com. The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements (NI 51-102) and form of Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 2nd floor, Vancouver, British Columbia, V6C 3B9, or from the Company's head office located at Suite 303 – 570 Granville Street, Vancouver, British Columbia, V6C 3P1.

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 "Continuous Disclosure Obligations" sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the financial statements.

FIXING THE NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of directors at four (4). Although Management is nominating four (4) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders unless his successor is duly elected or until his resignation as a director.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following table sets out the names of the persons proposed to be nominated by Management for election as a director, the province or state and country in which each of them is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each of them has been a director of the Company, their respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. All four nominees are currently directors of the Company.

The nominees for the office of director and information concerning them as furnished by the individual nominees are as follows:

Name, Province and Country of Ordinary Residence and Positions Held with the Company	Principal Occupation ⁽¹⁾	Date First Became a Director	No. of Shares Beneficially Owned, Directly or Indirectly
Jake H. Kalpakian President, CEO and Director Vancouver, BC	President and CEO of the Company; President & CEO of 37 Capital Inc.	January 2, 1991	2,300,332 direct 3,785,245 indirect ⁽²⁾
Neil Spellman CFO and Director Carlsbad, California	CFO of Jackpot Digital Inc. since July 2019 Sr. Vice-President of DB Financial Management, Inc. from February 2001 until July 2020;	July 12, 2002	11,538 direct
Gregory Todd McFarlane Director Washington, Utah	Freelance Advertising Copywriter	October 1, 1992	0 direct
Alan Artunian Director Toluca Lake, California	Business Consultant	January 2, 2017	3,600 direct

- (1) All directors were elected at the last Annual General Meeting. Unless otherwise stated above, all nominees have held the principal occupation or employment indicated for the past five years.
- (2) 3,266,445 Common Shares are held by Kalpakian Bros. of B.C. Ltd., a private company controlled by Jake H. Kalpakian, 363,500 Common Shares are held by 30 Rock Management Inc., a private company controlled by Jake H. Kalpakian and 155,300 Common Shares are held by Diana Kalpakian, spouse of Jake H. Kalpakian.

The Company does not currently have an Executive Committee of its Board of Directors. The current members of the Audit Committee are Neil Spellman, Gregory T. McFarlane and Alan Artunian.

CEASE TRADE ORDERS, CORPORATE AND PERSONAL BANKRUPTCIES, PENALTIES AND SANCTIONS

No proposed director (including any personal holding company of a proposed director):

- (1) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively an "order"), that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer;
 - (b) was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person 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;
- (3) has, within the 10 years before the date of this Information 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; or
 - (4) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
 - (b) any other 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.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee Charter and the disclosure required by Form 52-110F2 is attached hereto as Schedule "A". The Audit Committee monitors the integrity of internal controls and monitors the business conduct of the Company. The committee reviews matters on a quarterly basis, relating to the financial position of the Company in order to provide reasonable assurances that the Company is in compliance with applicable laws and regulations, is conducting its affairs ethically and that effective internal controls and information systems are maintained.

CORPORATE GOVERNANCE

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this information circular as Schedule "B".

APPOINTMENT AND REMUNERATION OF AUDITORS

Shareholders will be asked to approve the re-appointment of Smythe LLP, Chartered Professional Accountants, of 475 Howe St. #1700, Vancouver, BC, V6C 2B3, as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board of Directors.

OTHER MATTERS

Approval of the Company's amended 10% Rolling Stock Option Plan

Shareholders will be asked to pass an ordinary resolution approving the Company's amended Stock Option Plan. The details of the Stock Option Plan (the Plan") are set forth below. Shareholders may review the Plan in its entirety as attached hereto as Schedule "C". The Company has amended the Plan in order to comply with the updated requirements of the TSX Venture Exchange's policy.

- (a) the Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of Common Shares of the Company equal to 10% of the issued Common Shares of the Company at the time of any stock option grant;
- (b) an optionee must either be an Eligible Charitable Organization or a Director, Employee or Consultant of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Common Shares of the Company calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued Common Shares of the Company, calculated at the date an option is granted to the Consultant;

- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Common Shares of the Company in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;
- (g) the minimum exercise price per Common Share of a stock option must not be less than the Discounted Market Price of the Common Shares of the Company, subject to a minimum exercise price of \$0.05;
- (h) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (i) stock options (other than options held by a person involved in Investor Relations Activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company. Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company;
- (j) all options are non-assignable and non-transferable;
- (k) Disinterested Shareholder Approval must be obtained for any reduction in the exercise price of a stock option if the optionee is an Insider of the Company at the time of the proposed amendment;
- (l) the Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
- (m) upon the occurrence of an Accelerated Vesting Event (as defined in the Stock Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of Shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;
- (n) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- (o) an option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information; and (b) the automatic extension of an optionee's option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price", "Material Information", "Person" and "Securities Laws" all have the same definition as in the policies of the Exchange.

Management recommends, and the persons named in the enclosed form of proxy intend to vote in favour of, the re-approval of the Stock Option Plan.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting in person or by proxy must be voted in favour of the resolution.

“RESOLVED THAT the Company’s Stock Option Plan is hereby approved with such additional provisions and amendments, provided that such are not inconsistent with the policies of the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable.”

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company’s Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company, at Suite 303 – 570 Granville Street, Vancouver, British Columbia, V6C 3P1, Tel: (604) 681-0204 and such documents will be sent by mail or electronically by email as may be specified at the time of the request. Financial information is provided in the Company’s comparative Financial Statements and Management’s Discussion and Analysis for the year ended December 31, 2021.

DIRECTOR APPROVAL

The contents of this Information Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 21st day of October, 2022.

"Jake H. Kalpakian"

Jake H. Kalpakian
President, Chief Executive Officer and Director

SCHEDULE "A"
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER

Purpose

The overall purpose of the Audit Committee (the "**Committee**") of Jackpot Digital Inc. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company'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 Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. 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 Company's independent auditors.

Composition, Procedures and Organization

- (1) The Committee shall consist of at least three members of the Board of Directors (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 Company. 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 Company'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 Company and to the Company's external auditors, and to such information respecting the Company, 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 Company 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

- (9) 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 Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Company 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.
- (10) 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 Company, 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:
 - A. contents of their report;
 - B. scope and quality of the audit work performed;
 - C. adequacy of the Company's financial and auditing personnel;
 - D. co operation received from the Company's personnel during the audit;
 - E. internal resources used;
 - F. significant transactions outside of the normal business of the Company;
 - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - H. 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 Company'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.
- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, 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 Company'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 Company; and
 - (d) periodically review the Company'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.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company'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:
 - A. the annual report to Shareholders;
 - B. the annual information form, if required;
 - C. annual and interim MD&A;
 - D. prospectuses;
 - E. news releases discussing financial results of the Company; and
 - F. 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 Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated 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 Company's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;
 - (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 Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Company'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.
- (13) 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
 - (c) to communicate directly with the internal and external auditors.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Neil Spellman, Gregory Todd McFarlane and Alan Artunian. All of the members are financially literate. Only Gregory Todd McFarlane and Alan Artunian are considered to be independent. "Independent" and "financially literate" have the meaning used in Multilateral Instrument 52-110 (the "Instrument") of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The Instrument 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 Company's financial statements.

All of the members of the Company's audit committee are financially literate as that term is defined in the Instrument.

Neil Spellman and Gregory Todd McFarlane sit on the audit committee of another public issuer. All members have an understanding of the accounting principles used by the Company to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, Smythe LLP, Chartered Professional Accountants) not adopted by the Board.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of the Instrument, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, in whole or in part.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the Audit Committee, on a case by case basis.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years are as follows:

	FYE 2020	FYE 2021
Audit fees for the year ended	\$65,000	\$78,000
Audit related fees	-	\$4,900 ⁽¹⁾
Tax fees	\$5,000	\$5,000 ⁽²⁾
All other fees (non-tax)	\$793	\$952 ⁽³⁾
Total Fees:	\$70,793	\$88,852

(1) These fees are in connection with guidance for the 52 Gaming Inc. acquisition, assistance with the preparation of the Interim Financial Statements, discussion and correspondence regarding the current tax structure and related compliance and in relation to: the spinout of Yo Eleven Gaming Inc. for; (i) the preparation of the pro forma financial statements, (ii) the analysis of Canadian and US tax implications; and, (iii) preparation of a letter for brokerages regarding registered account eligibility.

(2) These fees are for preparation and filing of the Company's tax return.

(3) Disbursement incurred by the external auditor in respect of the Canadian Public Accountability Board.

ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

SCHEDULE "B"
JACKPOT DIGITAL INC.
CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices the Company is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Mr. Gregory T. McFarlane, a director of the Company, is "independent" in that he has no direct or indirect material relationship with the Company.

Mr. Alan Artunian, a director of the Company, is "independent" in that he has no direct or indirect material relationship with the Company.

A material relationship is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

Mr. Jake Kalpakian is the President and Chief Executive Officer of the Company and is therefore not independent.

Mr. Neil Spellman, is the Chief Financial Officer of the Company, and is therefore not independent.

ITEM 2. DIRECTORSHIPS

The directors of the Company are currently directors of the following other reporting issuers:

Name of Director	Name of Reporting Issuer	Term
Jake H. Kalpakian	37 Capital Inc. Yo Eleven Gaming Inc. (not publicly traded)	January 1991 to present
Gregory Todd MacFarlane	37 Capital Inc. Yo Eleven Gaming Inc.(not publicly traded)	October 1992 to present
Neil Spellman	37 Capital Inc Yo Eleven Gaming Inc.(not publicly traded)	August 2016 to present

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board of Directors of the Company briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties placed on individual directors by the Company'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 Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of

the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

ITEM 5. NOMINATION OF DIRECTORS

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the Shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

ITEM 6. COMPENSATION

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

ITEM 7. OTHER BOARD COMMITTEES

The Board of Directors has no other committees other than the Audit Committee.

ITEM 8. ASSESSMENTS

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.

SCHEDULE "C"

JACKPOT DIGITAL INC.

(the "Company")

STOCK OPTION PLAN

EFFECTIVE DECEMBER 5, 2022

1. STATEMENT OF PURPOSE

1.1 **Principal Purposes** - The principal purposes of the Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors and consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new employees, officers, directors and consultants to the Company.

1.2 **Benefit to Shareholders** - The Plan is expected to benefit shareholders by enabling the Company to attract and retain skilled and motivated personnel by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

2. INTERPRETATION

2.1 **Defined Terms** - For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Act" means the Securities Act of British Columbia as amended from time to time;
- (b) "Associate" shall have the meaning ascribed to such term in the applicable Act;
- (c) "Board" means the Board of Directors of the Company;
- (d) "Change in Control" means:
 - (i) a takeover bid (as defined in the Act), which is successful in acquiring Shares,
 - (ii) the change of control of the Board resulting from the election by the shareholders of the Company of less than a majority of the persons nominated for election by management of the Company,
 - (iii) the sale of all or substantially all the assets of the Company,

- (iv) the sale, exchange or other disposition of a majority of the outstanding Shares in a single transaction or series of related transactions,
 - (v) the dissolution of the Company's business or the liquidation of its assets,
 - (vi) a merger, amalgamation or arrangement of the Company in a transaction or series of transactions in which the Company's shareholders receive less than 51% of the outstanding shares of the new or continuing corporation, or
 - (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;
- (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 Jackpot Digital Inc., a company incorporated under the laws of British Columbia;
- (g) "**Consultant**" means an individual, other than an a Director, Officer or Employee of the Company or a Subsidiary Company, or a Consultant Company, who;
- (i) provides on an ongoing bona fide basis, consulting, technical, management or other services to the Company or a Subsidiary Company, other than services provided in relation to a distribution of the Company's securities,
 - (ii) provides the services under a written contract between the Company or a Subsidiary Company and the individual or Consultant Company,
 - (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 a Subsidiary Company;
- (h) "**Consultant Company**" means, for an individual Consultant, a company of which the individual is an employee or shareholder, or a partnership of which the individual is an employee or partner;
- (i) "**Date of Grant**" means the date specified in the Option Agreement as the date on which the Option is effectively granted;
- (j) "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (i) being employed or engaged by the Company, a Subsidiary Company or another employer, in a position the same as or similar to that in which he

was last employed or engaged by the Company or a Subsidiary Company;
or

- (ii) acting as a director or officer of the Company or a Subsidiary Company;
- (k) "**Effective Date**" means the effective date of this Plan, which is the later of the day of its approval by the shareholders of the Company and the day of its acceptance for filing by the Exchange if such acceptance for filing is required under the rules or policies of the Exchange;
- (l) "**Eligible Person**" means:
 - (i) an Employee, senior officer or director of the Company or any Subsidiary Company;
 - (ii) a Consultant;
 - (iii) an individual providing Investor Relations Activities for the Company; or
 - (iv) a company, all of the voting securities of which are beneficially owned by one or more of the persons referred to in (i), (ii) or (iii) above.
- (m) "**Employee**" means:
 - (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Company or a Subsidiary Company providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or a Subsidiary Company, on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source;
- (n) "**Exchange**" means the stock exchange or over the counter market on which the Shares are listed;
- (o) "**Fair Market Value**" means, where the Shares are listed for trading on an Exchange, the last closing price of the Shares before the Date of Grant on the

Exchange which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the TSXV, the "Fair Market Value" shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount permitted under the policies of the TSXV;

- (p) "**Guardian**" means the guardian, if any, appointed for an Optionee;
- (q) "**Insider**" shall have the meaning ascribed to such term in the Act;
- (r) "**Investor Relations Activities**" means any activities or oral or written communications, by or on behalf of the Company or a shareholder of the Company that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company:
 - (A) to promote the sale of products or services of the Company, or
 - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company,
 - (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable securities laws, or
 - (B) the rules and policies of the TSXV, if the Shares are listed only on the TSXV, or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (A) the communication is only through the newspaper, magazine or publication and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer, or

- (iv) activities or communications that may be otherwise specified by the TSXV, if the Shares are listed only on the TSXV;
- (s) "**Option**" means an option to purchase unissued Shares granted pursuant to the terms of this Plan;
- (t) "**Option Agreement**" means a written agreement between the Company and an Optionee specifying the terms of the Option being granted to the Optionee under the Plan;
- (u) "**Option Price**" means the exercise price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of Sections 6.4 and 10;
- (v) "**Optionee**" means an Eligible Person to whom an Option has been granted;
- (w) "**Person**" means a natural person, company, government or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (x) "**Plan**" means this Stock Option Plan of the Company;
- (y) "**Policy 4.4**" means TSXV Listings Policy 4.4;
- (z) "**Qualified Successor**" means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (aa) "**Shares**" means the common shares in the capital of the Company as constituted on the Date of Grant, adjusted from time to time in accordance with the provisions of Section 10;
- (ab) "**Subsidiary Company**" shall mean a company which is a subsidiary of the Company;
- (ac) "**Term**" means the period of time during which an Option may be exercised; and
- (ad) "**TSXV**" means the TSX Venture Exchange.

3. ADMINISTRATION

3.1 **Board or Committee** - The Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2.

3.2 **Appointment of Committee** - The Board may at any time appoint a Committee, consisting of not less than three of its members, to 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 appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. In the absence of the appointment of a Committee by the Board, the Board shall administer the Plan.

3.3 **Quorum and Voting** - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is to be taken with respect to the granting of an Option to him).

3.4 **Powers of Board and Committee** - The Board shall from time to time authorize and approve the grant by the Company of Options under this Plan, and any Committee appointed under Section 3.2 shall have the authority to review the following matters in relation to the Plan and to make recommendations thereon to the Board;

- (a) administration of the Plan in accordance with its terms,
- (b) determination of all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the value of the Shares,
- (c) correction of any defect, supply of any information or reconciliation of any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan,
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (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;
- (f) with respect to the granting of Options:
 - (i) determination of the employees, officers, directors or consultants to whom Options will be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determination of the terms and provisions of the Option Agreement which shall be entered into with each Optionee (which need not be identical with the terms of any other Option Agreement) and which shall not be inconsistent with the terms of this Plan;

- (iii) amendment of the terms and provisions of an Option Agreement, provided the Board obtains:
 - (A) the consent of the Optionee, and
 - (B) if required, the approval of any stock exchange on which the Shares are listed,
- (iv) determination of when Options will be granted;
- (v) determination of the number of Shares subject to each Option;
- (vi) determination of the vesting schedule, if any, for the exercise of each Option; and
- (g) other determinations necessary or advisable for administration of the Plan.

3.5 **Obtain Approvals** - The Board will seek to obtain any regulatory, Exchange or shareholder approvals which may be required pursuant to applicable securities laws or Exchange rules.

3.6 **Administration by Committee** - The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the Exchange policies and rules.

4. **ELIGIBILITY**

4.1 **Eligibility for Options** - Options may be granted to any Eligible Person.

4.2 **Insider Eligibility for Options** - Notwithstanding Section 4.1, if the Shares are listed only on the TSXV, grants of Options to Insiders shall be subject to the policies of the TSXV.

4.3 **No Violation of Securities Laws** - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Optionee resides.

5. **SHARES SUBJECT TO THE PLAN**

5.1 **Number of Shares** - The aggregate number of Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Shares at the time of the granting of an Option.

5.2 **Expire of Option** - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

5.3 **Reservation of Shares** - The Company will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

6. OPTION TERMS

6.1 **Terms Applicable to all Options** – So long as the Shares are listed on the TSXV, the following provisions shall apply to all Options granted pursuant to the Plan:

- (a) the number of Shares reserved for issuance pursuant to Options to any one Optionee shall not exceed 5% of the issued Shares in any 12-month period (unless the Company has obtained approval of shareholders to exceed this number in accordance with the provisions of Policy 4.4);
- (b) the number of Shares reserved for issuance pursuant to Options to any one Consultant shall not exceed 2% of the issued Shares in any 12-month period;
- (c) the aggregate number of Shares reserved for issuance pursuant to Options to all persons retained to provide Investor Relations Activities shall not exceed 2% of the issued Shares in any 12-month period;
- (d) the aggregate number of Shares reserved for issuance pursuant to Options to all Insiders shall not exceed 10% of the issued Shares at any point in time (unless the Company has obtained approval of shareholders to exceed this number in accordance with the provisions of Policy 4.4); and
- (e) the aggregate number of Shares reserved for issuance pursuant to Options to all Insiders shall not exceed 10% of the issued Shares in any 12-month period (unless the Company has obtained approval of shareholders to exceed this number in accordance with the provisions of Policy 4.4).

6.2 **Option Agreement** - Each Option granted to an Optionee shall be confirmed by the execution and delivery of an Option Agreement and the Board shall specify the following terms in each such Option Agreement:

- (a) the number of Shares subject to option pursuant to such Option;
- (b) the Date of Grant;
- (c) the Term of the Option, the length of the Term shall in no event be greater than ten years following the Date of the Grant;
- (d) the Option Price, the Option Price shall not be less than the greater of the Fair Market Value of the Shares on the Date of Grant and \$0.05;
- (e) subject to Section 6.3 below, any vesting schedule upon which the exercise of an Option is contingent;
- (f) if the Optionee is an Employee, Consultant or an individual providing Investor Relations Activities for the Company, a representation by the Company and the Optionee that the Optionee is a bona fide Employee, Consultant or an individual

providing Investor Relations Activities for the Company, as the case may be, of the Company or a Subsidiary Company; and

- (g) such other terms and conditions as the Board deems advisable and are consistent with the purposes of this Plan.

6.3 **Vesting Schedule** - The Board, as applicable, shall have complete discretion to set the terms of any vesting schedule of each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option;
- (b) permit full vesting after a stated period of time has passed from the Date of Grant and;
- (c) the vesting schedule shall in all circumstances comply with the requirements set out in Policy 4.4, including, without limitation, vesting provisions applicable to any Optionee retained to provide Investor Relations Activities.

6.4 **Amendments to Options** - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the Exchange, approval of shareholders in accordance with the provisions of Policy 4.4 shall be required for any reduction in the Option Price of, or any extension of the Term of, a previously granted Option, if the Optionee is an Insider of the Company at the time of the proposed reduction in the Option Price or extension of the Term.

6.5 **Uniformity** - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

6.6 **Extension of Term During Black Out** - In the event the expiry of the Term of an Option falls on a date during a trading black out period that has been self-imposed by the Company, the expiry of the Term of the Option will be extended to the 10th business day following the date that the self-imposed trading black out period is lifted by the Company. For greater certainty, the expiry of the Term of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

7. **EXERCISE OF OPTION**

7.1 **Method of Exercise** - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof, specifying the number of Shares in respect of which the Option is exercised, to the Company at its principal place of business at any time after the Date of Grant until 4:00 p.m. (Vancouver time) on the last day of the Term, such notice to be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised. Such payment shall be in lawful money (Canadian funds) by cash, cheque, bank draft or wire transfer. Payment by cheque made payable to the Company in the amount of the aggregate Option Price shall

constitute payment of such Option Price unless the cheque is not honoured upon presentation, in which case the Option shall not have been validly exercised.

7.2 **Issuance of Certificates** - Not later than the third business day after exercise of an Option in accordance with Section 7.1, the Company shall issue and deliver to the Optionee a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, 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 certificate is issued, except as provided by Section 10 hereof.

7.3 **Compliance with U.S. Securities Laws** - As a condition to the exercise of an Option, the Board may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. At the option of the Board, a stop transfer order against such Shares may be placed on the stock books and records of the Company and a legend, indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable law or regulation, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Board may also require such other documentation as may from time to time be necessary to comply with United States federal and state securities laws. The Company has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

8. **TRANSFERABILITY OF OPTIONS**

8.1 **Non-Transferable/Legending** - Except as permitted by applicable securities laws and the policies of the Exchange, and as provided otherwise in this Section 8, Options are non-assignable and non-transferable. If the Shares are listed only on the TSXV, then, in addition to any resale restrictions under applicable securities laws, if the Option Price is based on a discount from the last closing price of the Shares on the TSXV, the Option Agreement and the certificates representing the Shares issued on the exercise of such Option shall bear the TSXV legend with a four-month and a day hold period commencing on the Date of Grant. Specifically, if Options are granted to Insiders and/or if Options are granted at any discount to the Market Price, the Option Agreements and the certificates representing the Shares issued on the exercise of such Options shall bear the TSXV legend with a four month and a day hold period commencing on the Date of Grant.

8.2 **Death of Optionee** - Subject to Section 8.3, if the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, terminates as a result of such Optionee's death, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee and shall be exercisable by such Qualified Successor until the earlier of a period of not more than one year following the date of such death and the expiry of the Term of the Option, or such other period as the Board or the Committee considers to be reasonable.

8.3 **Disability of Optionee** - If the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities for the Company, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, is terminated by reason of such Optionee's Disability, any Options held by such Optionee that could have been exercised immediately prior to such termination of employment or service shall be exercisable by such Optionee, or by his Guardian, for a period of 30 days following the termination of employment or service of such Optionee or such other period as the Board or the Committee considers to be reasonable. If such Optionee dies within that 30-day period, any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of 30 days following the death of such Optionee and the expiry of the Term of the Option, or such other period as the Board or the Committee considers to be reasonable.

8.4 **Vesting** - Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 **Deemed Non-Interruption of Employment** - Employment shall be deemed to continue intact during any military or 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 with the Company or any Subsidiary Company 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.

9. **TERMINATION OF OPTIONS**

9.1 **Termination of Options** - To the extent not earlier exercised or terminated in accordance with Section 8, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company, or an individual providing Investor Relations Activities for the Company, is terminated for cause, the date of such termination for cause;
- (c) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company or an individual providing Investor Relations Activities for the Company terminates for a reason other than the Optionee's Disability or death or for cause, not more than 90 days after such date of termination, or such other period following the date the Optionee ceases in that position as the Board or the Committee considers to be reasonable; PROVIDED that if an Optionee's position changes from one of the said categories

to another category, such change shall not constitute termination or cessation for the purpose of this Subsection 9.1(c); and

- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1.

9.2 **Lapsed Options** - If Options are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options. If an Option has been surrendered in connection with the regranting of a new Option to the same Optionee on different terms than the original Option granted to such Optionee, then, if required, the new Option is subject to approval of the Exchange.

9.3 **Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement** - If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any Subsidiary Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not vested at that time or which, if vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

10. **ADJUSTMENTS TO OPTIONS**

10.1 **Alteration in Capital Structure** - If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan.

10.2 **Effect of Amalgamation, Merger or Arrangement** – Subject to prior acceptance of the Exchange, if the Company amalgamates, merges or enters into a plan of arrangement 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, merger or arrangement if the Optionee had exercised the Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 **Acceleration on Change in Control** - Upon a Change in Control, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject.

10.4 **Acceleration of Date of Exercise** - Subject to the approval of the Exchange, if required, the Board shall have the right to accelerate the date of vesting of any portion of any Option which remains unvested; provided that the Board shall not accelerate the vesting schedule of any Options granted to any Optionee retained to provide Investor Relations Activities without the prior written approval of the Exchange

10.5 **Determinations to be Binding** - If any questions arise at any time with respect to the Option Price or exercise price or number of Option Shares or other property deliverable upon exercise of an Option following an event referred to in this Section 10, such questions shall be conclusively determined by the Board, whose decisions shall be final and binding.

10.6 **Effect of a Take-Over** - If a *bona fide* offer (the "Offer") for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of the Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject, by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") to the Offer. If

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Company under this Section, the Company shall refund to the Optionee any Option Price paid for such Optioned Shares.

11. **APPROVAL, TERMINATION AND AMENDMENT OF PLAN**

11.1 **Shareholder Approval** - This Plan, if the Shares are listed on the TSXV, is subject to shareholder approval on a yearly basis at the Company's next ensuing annual general meeting. This Plan, and grants or amendments of Options under this Plan, are subject to any other requirements for shareholder approval set out in Policy 4.4.

11.2 **Power of Board to Terminate or Amend Plan** - Subject to the approval of the Exchange, if required, the Board may terminate, suspend or discontinue the Plan at any time or amend or revise the terms of the Plan; provided, however, that, except as provided in Section 10, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval by the Company's shareholders at a meeting duly held in accordance with the applicable corporate laws:

- (a) increase the maximum number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan;

however, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority, or as a result of changes in the policies of the Exchange relating

to director, officer and employee stock options, without obtaining the approval of the Company's shareholders.

11.3 **No Grant During Suspension of Plan** - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

12. **CONDITIONS PRECEDENT TO ISSUANCE OF SHARES**

12.1 **Compliance with Laws** - Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant provisions of law, including, without limitation, any applicable United States state securities laws, the Securities Act of 1933, as amended, the rules and regulations thereunder and the requirements of any Exchange or automated interdealer quotation system of a registered national securities association upon which such Shares may then be listed or quoted, and such issuance shall be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such Shares. The inability of the Company to obtain from any regulatory body the authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any Shares under this Plan, shall relieve the Company of any liability with respect to the non-issuance or sale of such Shares other than with respect to a refund of any Option Price paid.

13. **USE OF PROCEEDS**

13.1 **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, or as the Board otherwise determines.

14. **NOTICES**

14.1 **Notices** - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either delivered personally to the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such personal delivery; sent by facsimile or electronic mail, in which case notice shall be deemed to have been duly given on the date the facsimile or electronic mail is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the fifth postal delivery day following the date of such mailing.

15. **MISCELLANEOUS PROVISIONS**

15.1 **No Obligations to Exercise** - Optionees shall be under no obligation to exercise Options granted under this Plan.

15.2 **No Obligation to Retain Optionee** - Nothing contained in this Plan shall obligate the Company or any Subsidiary Company to retain an Optionee as an employee, officer, director or consultant for any period, nor shall this Plan interfere in any way with the right of the Company or any Subsidiary Company to reduce such Optionee's compensation.

15.3 **Binding Agreement** - The provisions of this Plan and of each Option Agreement with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

15.4 **Use of Terms** - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

15.5 **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.

15.6 **No Representation or Warranty** - The Company makes no representation or warranty as to the future value of any Shares issued in accordance with the provisions of this Plan.

15.7 **Income Taxes** - As a condition of and prior to participation in the Plan any Optionee shall on request authorize the Company in writing 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 Optionee's participation in the Plan.

15.8 **Compliance with Applicable Law** - If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange or over the counter market having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

15.9 **Conflict** - In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

15.10 **Governing Law** - This Plan and each Option Agreement issued pursuant to this Plan shall be governed by the laws of the Province of British Columbia.

15.11 **Time of Essence** - Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be, or to operate as, a waiver of the essentiality of time.

15.12 **Entire Agreement** - This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior stock option plans, agreements, undertakings and understandings, whether oral or written.

16. **EFFECTIVE DATE OF PLAN**

16.1 **Effective Date of Plan** - This Plan shall be effective on the later of the day of its approval by the shareholders of the Company given by way of ordinary resolution and the day of its acceptance for filing by the Exchange.