

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

ESE Entertainment Inc. (the "**Company**")
Suite 1000 - 409 Granville Street
Vancouver, BC
V6C 1T2

Item 2 Date of Material Changes

December 23, 2020 and December 24, 2020

Item 3 News Release

The news release dated December 24, 2020 was disseminated through Newswire.

Item 4 Summary of Material Changes

On December 24, 2020, the Company announced it had closed (the "**Closing**") its previously announced non-brokered private placement (the "**Private Placement**") through the issuance of 3,315,482 units (each, a "**Unit**") of the Company at a price of \$1.10 per Unit, for aggregate gross proceeds of \$3,647,030. Each Unit is composed of one common share (an "**ESE Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant exercisable for two (2) years at \$1.50 per ESE Share. The Closing was effected in two tranches, the first on December 23, 2020 through the issuance of 545,400 Units, for gross proceeds of \$599,940, and the second on December 24, 2020 through the issuance of 2,770,082 Units, for gross proceeds of \$3,047,090.

Cash finder's fees of \$204,983 were paid and 180,346 finder's warrants (each, a "**Finder's Warrant**") were issued in connection with the Closing. Each Finder's Warrant is exercisable for two (2) years into one ESE Share at a price of \$1.10 per ESE Share.

The issuances of certain Units issued in the Private Placement constituted Related Party Transactions within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), as certain directors and officers of the Company (collectively, the "**Insiders**") acquired an aggregate of 48,180 Units (the "**Insider Units**"). The Company relied on exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 as neither the fair market value of the Insider Units, nor the consideration paid for the Insider Units exceeded 25% of the Company's market capitalization.

No new insider or control person was created as a result of the Private Placement.

Item 5 Full Description of Material Changes

5.1 Full Description of Material Change

See Item 4 above and the attached news release for a full description of the material changes.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

Item 7 **Omitted Information**

None.

Item 8 **Executive Officer**

Konrad Wasiela, CEO, 778-238-4988

Item 9 **Date of Report**

December 31, 2020

ESE Entertainment Announces Closing of Oversubscribed Private Placement

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VANCOUVER, BC, Dec. 24, 2020 /CNW/ - **ESE Entertainment Inc.** (TSXV: ESE) (OTCQB: ENTEF) (the "**Company**" or "**ESE**"), is pleased to announce that it has closed (the "**Closing**") its previously announced non-brokered private placement (the "**Private Placement**") through the issuance of 3,315,482 units (each, a "**Unit**") of the Company at a price of \$1.10 per Unit, for aggregate gross proceeds of \$3,647,030. Each Unit is composed of one common share (an "**ESE Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant exercisable for two (2) years at \$1.50 per ESE Share. The Closing was effected in two tranches, the first on December 23, 2020 through the issuance of 545,400 Units, for gross proceeds of \$599,940, and the second on December 24, 2020 through the issuance of 2,770,082 Units, for gross proceeds of \$3,047,090.

The Company intends to use the net proceeds from the Private Placement to fund acquisitions and for general working capital purposes. Cash finder's fees of \$204,983 were paid and 180,346 finder's warrants (each, a "**Finder's Warrant**") were issued in connection with the Closing. Each Finder's Warrant is exercisable for two (2) years into one ESE Share at a price of \$1.10 per ESE Share.

"Our team is pleased with the success of this oversubscribed private placement, highlighting the market's support for ESE." stated Konrad Wasiela, Chief Executive Officer of the Company. "Our team is confident in the business plan, highlighted by personal participation in this private placement from all five directors of ESE. With funding secured, ESE is positioned for a breakthrough year in 2021. The entire team is excited to work harder than ever in order to take ESE to new heights", continued Mr. Wasiela.

Insiders of the Company subscribed for a total of 48,180 Units under the Private Placement, which subscriptions constituted "related party transactions" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuance of the Units to insiders of the Company was exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to subsections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the Units did not exceed 25% of the Company's market capitalization. The securities issued under the Private Placement are subject to a hold period that will expire four months and one day from their date of issue.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein in the United States. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to the account or benefit of a U.S. person absent an exemption from the registration requirements of such Act.

About ESE Entertainment Inc.

ESE Entertainment is a Europe based entertainment and technology company focused on gaming, particularly on esports. ESE consists of multiple assets and world-class operators in the gaming and esports industries. Capabilities include but are not limited to: physical infrastructure, broadcasting, global distribution for gaming and esports-related content, advertising, sponsorship support, and a growing esports team franchise. ESE is focused on bridging Europe, Asia and North America.

Forward-Looking Statements

This news release contains certain statements that may constitute forward-looking information under

applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that ESE anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. Such information may involve, but is not limited to, statements respecting the intended use of proceeds therefrom and the Company being positioned for a breakthrough year in 2021. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information is based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this news release, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of ESE to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors may be based on information currently available to ESE, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Any and all forward-looking information contained in this press release is expressly qualified by this cautionary statement. Trading in the securities of ESE should be considered highly speculative.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE ESE Entertainment Inc.

View original content: <http://www.newswire.ca/en/releases/archive/December2020/24/c3574.html>

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CO: ESE Entertainment Inc.

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