

Rights Offering Notice
Filed pursuant to National Instrument 45-106

The securities offered hereby have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States. This Rights Offering notice does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.



JACKPOT DIGITAL INC.

Notice to Shareholders – October 22, 2020

The purpose of this notice is to advise holders of common shares ("**Common Shares**") of Jackpot Digital Inc. (the "**Company**" or "**Jackpot**") of a proposed offering of rights ("**Rights**") of the Company (the "**Rights Offering**").

References in this notice to we, our, us and similar terms mean to the Company. References in this notice to you, your and similar terms mean to the Company's shareholders.

1. Who can participate in the Rights Offering?

The Company is issuing to Eligible Holders (defined below) as at the close of business (4:30 p.m. Toronto, ON time) on Friday, October 23, 2020 (the "**Record Date**") transferable Rights to subscribe for Common Shares and transferable share purchase warrants ("**Warrants**") on the terms set forth in this notice.

2. Who is eligible to receive Rights?

The Rights will be offered to registered shareholders (the "**Eligible Holders**") only in each province and territory of Canada (the "**Eligible Jurisdictions**"). You will be presumed to be resident in the place shown in our records as your registered address, unless the contrary is shown to our satisfaction.

This notice is not to be construed as an Offering of the Rights, nor are the Common Shares and Warrants issuable upon exercise of the Rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions (the "**Ineligible Holders**").

Ineligible Holders will not receive a Rights Certificate (as described below), but will be sent a letter describing how Ineligible Holders may, in the Company's discretion, participate in the Rights Offering. If you do not satisfy the Company of your eligibility to participate in the Rights Offering on or before Thursday, November 12, 2020, Computershare Investor Services Inc. (the "**Rights Agent**") will attempt, on a best efforts basis, to sell your Rights on the TSX Venture Exchange on or before Thursday, November 19, 2020, which is the

expiry date of the Rights (the "**Expiry Date**"). The Rights Agent's ability to sell the Rights, and the prices obtained for the Rights, are dependent on market conditions. The proceeds received by the Rights Agent, if any, from the sale of the Rights, net of any applicable costs, expenses and taxes will be divided among the Ineligible Holders on a pro rata basis according to the total number of Common Shares held by them on the Record Date.

3. How many Rights are we Offering?

We are offering an approximate total of 12,919,304 Rights.

4. How many Rights will you receive?

We are offering each Eligible Holder one Right for every one Common Share held as at the Record Date of Friday, October 23, 2020.

5. What does one Right entitle you to receive?

Each Right will entitle an Eligible Holder to purchase one unit (a "**Unit**") at a price of \$0.05 per Unit (the "**Basic Subscription Privilege**") until 4:30 p.m. (Toronto, ON time) on the Expiry Date of Thursday, November 19, 2020, or such earlier time on the Expiry Date as may be required by the Rights Agent pursuant to their internal procedures. Each Unit will consist of one Common Share and one Warrant. Each Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.10 until 4:30 p.m. (Toronto, ON time) on the date that is five years from the date of issuance of the Warrant.

Any Eligible Holder who exercises all of their Rights under the Basic Subscription Privilege will also have the additional privilege of subscribing, pro rata, for additional Units at the subscription price (the "**Additional Subscription Privilege**"). The Units available under the Additional Subscription Privilege will be those Units issuable under the Rights Offering that have not been subscribed and paid for under the Basic Subscription Privilege by 4:30 p.m. (Toronto, ON time) on Thursday, November 19, 2020.

Any Eligible Holder who exercises their Rights must enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.

6. How will you receive your Rights?

Registered Eligible Holders — If you are a registered holder of Common Shares, a certificate (the "**Rights Certificate**") representing the total number of Rights which you are entitled to as at the Record Date will be sent to you by mail.

Beneficial Eligible Holders — You are a beneficial holder of Common Shares if you hold your Common Shares through a securities broker or dealer, bank or trust company or other participant (a "**Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). The total number of Rights to which all beneficial Eligible Holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. If you are a beneficial Eligible Holder, we expect you will receive a confirmation of the number of Rights issued to you from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights. Participants may have an earlier deadline than the Expiry Date for receipt of instructions and payment from a beneficial Eligible Holder.

7. When and how can you exercise your Rights?

If you are a registered Eligible Holder who receives a Rights Certificate, you must complete and deliver your Rights Certificate, together with the applicable payment, before 4:30 p.m. (Toronto, ON time), or such earlier time as may be required by the Rights Agent pursuant to their internal procedures, on Thursday, November 19, 2020.

If you are a beneficial Eligible Holder, you must arrange exercises, transfers or purchases of Rights through your Participant before 4:30 p.m. (Toronto, ON time), or such earlier time as may be required by the depository holding your Shares pursuant to their internal procedures, on Thursday, November 19, 2020, or such earlier time as required by your Participant. We expect that each beneficial Eligible Holder will receive a customer confirmation of issuance or purchase, as applicable, from their Participant through which the Rights are issued in accordance with the practices and policies of such Participant.

8. What are the next steps?

This notice contains key information that you should know about the Company. You can find more details in our Rights Offering Circular, a copy of which can be obtained on the Company's profile at www.SEDAR.com or at www.jackpotdigital.com, or you can ask your Participant for a copy or contact the Company at (604) 681-0204. You should read the Rights Offering Circular, along with the Company's continuous disclosure record on SEDAR, to make an informed decision regarding your Rights.

DATED October 22, 2020

JACKPOT DIGITAL INC.

/s/ "Jake H. Kalpakian"

Jake H. Kalpakian, President & CEO