

ELEPHANT HILL CAPITAL INC.

ELEPHANT HILL ANNOUNCES LETTER OF INTENT AND INTENTION TO COMPLETE ITS QUALIFYING TRANSACTION

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Calgary, Alberta May 12, 2020 – Elephant Hill Capital Inc. (TSVX: EH.P) (the "**Corporation**" or "**Elephant Hill**"), a capital pool company, further to its press releases dated January 14, 2020 and February 6, 2020, the letter of intent dated January 8, 2020 with Artos Pharma Inc. and Tassili Life Sciences Corp., has been terminated in accordance with its term. Following termination, the Corporation is pleased to announce that it has entered into a non-binding letter of intent (the "**Letter of Intent**") dated May 11, 2020 with Esports Ltd., doing business as "Luckbox" ("**Luckbox**") which outlines the general terms and conditions of a proposed transaction (the "**Proposed Transaction**") that will result in Elephant Hill acquiring all of the issued and outstanding common shares of Luckbox (the "**Luckbox Shares**").

The Proposed Transaction is currently expected to be completed by way of an exempt take-over bid, amalgamation, arrangement or other similar business combination as Elephant Hill and Luckbox shall agree to. The proposed Transaction does not constitute a Non-Arm's Length Qualifying Transaction and is not subject to shareholder approval under TSXV policies.

Overview of Elephant Hill Capital Inc.

Elephant Hill is a capital pool company. The Corporation's principal business activity is to identify and evaluate opportunities for the acquisition of assets or businesses. The Corporation was incorporated on January 15, 2018 and has its registered office in Calgary, Alberta.

Overview of Luckbox

Luckbox is a private esports betting company, incorporated in the Isle of Man on April 25, 2019 and headquartered in the Isle of Man, with a fully licensed betting platform dedicated to serving the global esports community where fans and customers are able to bet, watch, and chat in a safe environment. Luckbox believes that it serves the single largest revenue category in esports today and derives its revenue from one of the most promising verticals in the esports industry. Luckbox has an experienced management team in both esports and betting and a dedicated esports user experience.

Investment Highlights

Growing Esports Market

- i. Esports has continued to grow despite COVID-19 – According to its management, Luckbox's turnover has more than doubled in both March and April 2020; with almost no sporting events in 2020 and traditional gambling companies reducing their marketing spend, Luckbox believes that it is well-positioned in the betting space - both B2C and B2B;
- ii. According to Goldman Sachs Investment Research, esports will reach 276 million viewers globally by 2022;
- iii. 18-25-year olds today watch more computer games than traditional sports;

- iv. Esports betting benefits from underlying industry trends, while remaining game and publisher agnostic and therefore well-protected against title-specific popularity shifts.

Differentiated Solution

Luckbox management believes that esports bettors want a modern user interface and experience, authenticity, access to all esports markets and trusted and easy payment methods, which Luckbox provides through a fully proprietary website, a dedicated in-house team, and an Isle of Man gaming license. Each of the following individuals holds a controlling interest in or controls/directs Luckbox: Quentin Martin, CEO (a resident of the Isle of Man), Mike Stevens, COO (a resident of Sydney), and Lars Lien, Director (a resident of Malta).

Website: <https://luckbox.com>.

The Proposed Transaction

The Letter of Intent is to be superseded by a definitive agreement (the "**Definitive Agreement**") between Elephant Hill and Luckbox with such agreement to include representations, warranties, covenants and conditions typical for a transaction of this nature. The Proposed Transaction is subject to, among other things, receipt of all applicable shareholder and regulatory approvals, the final approval of the TSX Venture Exchange (the "**Exchange**" or "**TSXV**") and the satisfaction of customary closing conditions, including the conditions described below.

Prior to completion of the Proposed Transaction, the Corporation intends to hold a meeting of its shareholders for purposes of approving, among other matters, certain matters ancillary to the Proposed Transaction, including a consolidation of the Elephant Hill Shares on a one (1) for 4.2 basis (the "**Consolidation**") and a change of the name of Elephant Hill to a name that the Corporation and Luckbox may determine and which shall be acceptable to the Exchange (the "**Elephant Hill Meeting**"). It is expected that a management information circular will be provided to Elephant Hill shareholders and the Elephant Hill Meeting will be held in due course.

Following the Closing, Elephant Hill will continue on with the business of Luckbox and it is expected that Luckbox will become a wholly owned subsidiary of the Corporation (Elephant Hill after the Proposed Transaction being referred to herein as the "**Resulting Issuer**"). Following completion of the Proposed Transaction, Elephant Hill intends to list as a Tier 2 Industrial Issuer on the Exchange.

It is currently anticipated that under the Proposed Transaction, each shareholder of Luckbox (excluding those receiving Luckbox Shares as a result of the Proposed Financing) will receive 1.0 "new" Elephant Hill common share ("**Elephant Hill Share**") in exchange for each one (1) Luckbox Share and each Luckbox stock option and warrant (if applicable) held by such holder shall be exchanged for a stock option and warrant of Elephant Hill on the same terms. The former shareholders of Luckbox shall receive 32,200,142 Elephant Hill shares at a deemed price of \$0.42 per share and 2,076,143 Elephant Hill share purchase warrants.

It is expected that all Elephant Hill Shares (including Elephant Hill Shares issued upon exercise of Elephant Hill warrants) and Elephant Hill share purchase warrants (collectively "**Elephant Hill Securities**") issued pursuant to the Proposed Transaction, except those certain Elephant Hill Securities issued to U.S. persons, will be freely tradable under applicable Canadian securities legislation, but may be subject to Exchange imposed restrictions on resale. Elephant Hill Securities issued to U.S. persons will not be freely tradable and will be subject to restrictions upon trading under applicable U.S. securities

laws. None of the securities to be issued pursuant to the Proposed Transaction have been or will be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or any state securities laws, and any securities issued pursuant to the Proposed Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 4(a)(2) and/or Regulation D of the U.S. Securities Act and applicable exemptions under state securities laws. The Elephant Hill Securities issued to U.S. persons may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under applicable U.S. securities laws. *This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.*

Further details about Elephant Hill, the Proposed Transaction and the Resulting Issuer, including financial information, will be included in a subsequent press release in connection with the Transaction.

Proposed Financing

In connection with the Proposed Transaction, Luckbox and Elephant Hill are proposing to complete a brokered private placement of subscription receipts (the "**Subscription Receipts**") for gross proceeds of between \$2,000,000 and \$3,000,000 (the "**Proposed Financing**") on proposed terms as follows:

a) Elephant Hill and Luckbox will, together with the Agents (as defined below), use commercially reasonable efforts to concurrently raise a minimum of C\$2,000,000 with a C\$1,000,000 over-allotment option for the Lead Agent (as defined below)) in gross proceeds through an offering of Subscription Receipts by Luckbox. Each subscription receipt will be deemed to be automatically converted without payment of any additional consideration and without further action on the part of the holder thereof into units (each, a "**Unit**") of Elephant Hill upon satisfaction of certain Escrow Release Conditions (as described below).

- i. Each Unit will consist of one (1) common share (each a "**Common Share**") of the Resulting Issuer and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant will be exercisable into one Common Share of the Resulting Issuer. The Units will be priced at C\$0.42 per Unit;
- ii. Each Warrant will be exercisable into one (1) Common Share at a price of C\$0.63 per Common Share for a period of 24 months from the closing of the Proposed Transaction;
- iii. The Warrants will be subject to an acceleration right (the "**Warrant Acceleration Right**") if on any ten (10) consecutive trading days, beginning on the date that is four (4) months and one (1) day following the closing date of the Transaction, the closing price of the Resulting Issuer's Common Shares on the Exchange is greater than C\$0.84 per share. If the Resulting Issuer exercises the Warrant Acceleration Right, the new expiry date of the Warrants will be the 30th day following the notice of such exercise.

b) Both Elephant Hill and Luckbox have agreed to engage Gravititas Securities Inc. (the "**Lead Agent**") as lead agent and bookrunner, on behalf of a syndicate of agents (collectively with the Lead Agent, the "**Agents**") in connection with the Proposed Offering. The Agents will receive a commission equal to 8% of the aggregate cash proceeds received from the sale of the Subscription Receipts and warrants (the "**Agents' Warrants**") exercisable at any time prior to the two (2) year anniversary of the closing date of the Proposed Transaction to acquire that number of Units of the Issuer which is equal to 8% of the number of Units sold under the Proposed Offering, at an exercise price equal to C\$0.42 per Unit.

The Escrow Release Conditions shall include:

- i. the completion or satisfaction of all conditions precedent to the to the Proposed Transaction to the satisfaction of the Lead Agent, on its own behalf and on behalf of the Agents;
- ii. the receipt of all required shareholder and regulatory approvals required in connection with the Proposed Transaction (including, without limitation, the conditional approval of the TSXV for the listing of the Common Shares of the Resulting Issuer issued or issuable upon the exchange of the Common Shares of Luckbox in connection with the Proposed Transaction);
- iii. the Issuer and Elephant Hill shall not be in material breach or default of their respective covenants and obligations under the agency agreement to be entered into amongst Luckbox, Elephant Hill and the Agents, except those breaches or defaults that have been waived by the Agents; and
- iv. Luckbox, Elephant Hill and the Lead Agent, on its own behalf and on behalf of the Agents, acting reasonably, shall have delivered a joint notice to the agent for the Subscription Receipts confirming that all regulatory and other approvals required in respect of the Proposed Transaction and the Proposed Offering have been obtained and that the Escrow Release Conditions have been satisfied or waived.

Elephant Hill intends to use the net proceeds of the Proposed Financing and existing cash on hand for capital expenditures and working capital of the Resulting Issuer.

Conditions to the Proposed Transaction

Completion of the Proposed Transaction is subject to certain conditions precedent including, among other things:

- i. the satisfactory completion of due diligence investigations by each of Elephant Hill and Luckbox;
- ii. the receipt of all required approvals by the respective boards of directors of Elephant Hill and Luckbox;
- iii. closing of the Proposed Financing;
- iv. the receipt of any requisite approvals of the shareholders of Elephant Hill required by applicable law or Exchange requirements;
- v. completion of the Consolidation;
- vi. Elephant Hill having a minimum cash balance of C\$300,000, not including transaction costs associated with the Proposed Transaction immediately prior to completion of the Proposed Transaction;
- vii. the receipt of approval of the Proposed Transaction by the shareholders of Luckbox;
- viii. the receipt of all required consents, approvals and authorizations of any regulatory authorities, including, without limitation, the Exchange, as applicable; and
- ix. the receipt of all required consents and approvals of third parties.

Proposed Management and Board of Directors of the Resulting Issuer

It is currently anticipated that all of the current officers and all of the current directors of Elephant Hill will resign from their respective positions with Elephant Hill. Subject to applicable regulatory, shareholder and Exchange approval, on completion of the Proposed Transaction, it is currently anticipated that the board of directors of the Resulting Issuer will be fixed at five (5), nominated upon agreement between Elephant Hill and Luckbox.

Details with respect to the proposed officers, directors and insiders (as defined by Exchange Policies) of the Resulting Issuer, including the background of each such proposed individual, will be announced in subsequent disclosure.

Halt of Trading of Common Shares of the Corporation

In accordance with the policies of the Exchange, the common shares of the Corporation are currently halted from trading and will remain halted until further notice.

Sponsorship

Sponsorship may be required by the Exchange unless exempt in accordance with Exchange policies. The Corporation is currently reviewing the requirements for sponsorship and intends to apply for an exemption from the sponsorship requirements. There is no assurance that an exemption from this requirement will be obtained. The Corporation intends to include any additional information regarding sponsorship in a subsequent press release.

All information contained in this press release with respect to the Corporation and Luckbox was supplied by the parties, respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Further Information

In accordance with the policies of the Exchange, further details about the Proposed Transaction and the Resulting Issuer will be provided in a comprehensive press release when the parties enter into a Definitive Agreement, including details related to the business and assets of Luckbox, proposed consideration, description of financing arrangements. Further details will also be provided in the disclosure document to be prepared and filed in respect of the Proposed Transaction.

Investors are cautioned that, except as disclosed in the disclosure document to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon.

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All information contained in this press release with respect to Elephant Hill and Luckbox was supplied by

the parties, respectively, for inclusion herein, and Elephant Hill and its directors and officers have relied on Luckbox for any information concerning such party.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable, pursuant to the requirements of the TSXV, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder and regulatory approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Corporation should be considered highly speculative.

This press release is not an offer of securities for sale in the United States. The securities described in this press release have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) absent registration or an exemption from registration. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction where such offer, solicitation, or sale would be unlawful.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

Cautionary Note Regarding Forward-Looking Statements: This release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. All statements in this news release, other than statements of historical facts, including statements regarding future estimates, plans, objectives, timing, assumptions or expectations of future performance, including the terms and conditions of the Proposed Transaction; the terms and conditions of the Proposed Financing; and future developments and the business and operations of the "Resulting Issuer" after the Proposed Transaction are forward-looking statements and contain forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "occur". Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date of this press release, including that the terms and conditions of the Proposed Transaction will be as anticipated by management; the terms and conditions of the proposed Financing will be as anticipated by management; and future developments and the business and operations of the "Resulting Issuer" after the Proposed Transaction will be as anticipated by management. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Important factors that may cause actual results to vary, include, without limitation, that the terms and conditions of the Proposed Transaction will not be as anticipated by management or will not close at all; the terms and conditions of the Proposed Financing will not be as anticipated by management or will not close at all; and future developments and the business and operations of the "Resulting Issuer" after the Proposed Transaction will not be as anticipated by management. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be

as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws.