

Restated Condensed Interim
Financial Statements of:
**Elephant Hill Capital
Inc.**
June 30, 2020
(Unaudited)

Elephant Hill Capital Inc.

Condensed Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at	Note	June 30, 2020	December 31, 2019
		(restated – Note 10)	(audited)
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 309,957	\$ 378,271
Other receivables		-	3,042
TOTAL ASSETS		\$ 309,957	\$ 381,313
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 51,071	\$ 15,832
TOTAL LIABILITIES		51,071	15,832
EQUITY			
Share capital	7	455,489	455,489
Reserves		92,082	92,082
Deficit		(288,685)	(182,090)
TOTAL EQUITY		258,886	365,481
TOTAL LIABILITIES AND EQUITY		\$ 309,957	\$ 381,313

Going concern (Note 2)

Subsequent event (Note 11)

Approved on behalf of the Board on November 27, 2020:

“Mo Fazil” _____ Director

“Eamon Hurley” _____ Director

Elephant Hill Capital Inc.
Condensed Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2020 (restated – Note 10)	2019	2020 (restated – Note 10)	2019
EXPENSES				
General and administration	\$ 4,667	1,709	\$ 16,863	\$ 10,373
Professional fees	55,083	3,738	84,295	7,213
Travel	-	3,839	7,560	10,457
Other income	(932)	(660)	(2,123)	(660)
Net loss and comprehensive loss	\$ 58,818	\$ 8,626	\$ 106,595	\$ 27,383
Weighted average number of common shares outstanding	5,000,000	5,000,000	5,000,000	5,000,000
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ 0.01

Elephant Hill Capital Inc.

Condensed Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited)

	Number of common shares	Share capital	Reserves	Deficit (restated – Note 10)	Total equity (restated – Note 10)
For the six months ending June 30, 2019					
Balance at January 1, 2019	7,000,000	\$ 455,489	\$ 92,082	\$ (130,983)	\$ 416,588
Net loss for the period	-	-	-	(27,383)	(27,383)
Balance at June 30, 2019	7,000,000	\$ 455,489	\$ 92,082	\$ (158,366)	\$ 389,205
For the six months ending June 30, 2020					
Balance at January 1, 2020	7,000,000	\$ 455,489	\$ 92,082	\$ (182,090)	\$ 365,481
Net loss for the period	-	-	-	(106,595)	(106,595)
Balance at June 30, 2020	7,000,000	\$ 455,489	\$ 92,082	\$ (288,685)	\$ 258,886

Elephant Hill Capital Inc.
Condensed Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30,	
	2020 (restated - Note 10)	2019
OPERATING ACTIVITIES		
Net loss	\$ (106,595)	\$ (27,383)
Items not affecting cash		
Accrued professional fees	50,770	-
Changes in non-cash working capital		
Other receivables	3,042	(1,356)
Accounts payable	(15,531)	(9,496)
Cash used in operating activities	(68,314)	(38,235)
NET DECREASE IN CASH	(68,314)	(38,235)
CASH AND CASH EQUIVALENTS, BEGINNING	378,271	431,257
CASH AND CASH EQUIVALENTS, ENDING	\$ 309,957	\$ 393,022

Elephant Hill Capital Inc.

Notes to the Condensed Interim Financial Statements

(Express in Canadian dollars)

For the six months ended June 30, 2020 and 2019

(Unaudited)

1. NATURE OF BUSINESS

Elephant Hill Capital Corp. (the “Company”) was incorporated under the Business Corporations Act of Alberta on January 15, 2018 and is classified as a Capital Pool Company (“CPC”), as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company is the identification and evaluation of a Qualifying Transaction (“QT”). Once identified or evaluated, the Company will negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities and complete a QT within 24 months of listing on the Canadian stock exchange. The principal office is located at 122, 234 – 5149 Country Hills Blvd., Calgary, Alberta, T3A 5K8 and the registered office of the Company is located at 1250, 639 – 5th Ave. SW, Calgary, Alberta, T2P 0M9.

On June 15, 2018, the Company announced the completion of its initial public offering (the “IPO”) of 5,000,000 common shares at the price of \$0.10 per common share. The common shares of the Company commenced trading on June 20, 2018 under the trading symbol EH.P.

COVID-19

The recent outbreak of the coronavirus, also known as “COVID-19”, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

These condensed interim financial statements were authorized for issue by the board of directors of the Company on November 27, 2020.

2. GOING CONCERN

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The proposed business of the Company, and the completion of a QT, involves a high degree of risk. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

Elephant Hill Capital Inc.

Notes to the Condensed Interim Financial Statements

(Express in Canadian dollars)

For the six months ended June 30, 2020 and 2019

(Unaudited)

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed interim financial statements, adjustments would be necessary to the statement of financial position. Such adjustments could be material.

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS.

These condensed interim financial statements should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2019, which includes information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies, use of judgements and estimates were presented in Note 3 and Note 4 of those audited financial statements and have been consistently applied in the preparation of these condensed interim financial statements.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars which is the functional currency of the Company. All amounts are rounded to the nearest dollar. The condensed interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

Critical Accounting Estimates and Judgments

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited financial statements for the year ended December 31, 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

Elephant Hill Capital Inc. applies the same accounting policies and methods of computation in its condensed interim financial statements as in its audited financial statements for the period for the year ended December 31, 2019. No new standards, interpretations and amendments, effective on January 1, 2020 had a material effect on the financial statements.

Elephant Hill Capital Inc.

Notes to the Condensed Interim Financial Statements

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For the six months ended June 30, 2020 and 2019

(Unaudited)

5. CASH AND CASH EQUIVALENTS

On May 11, 2020, the Company opened a one-year cashable Guaranteed Investment Certificate ("GIC") for \$300,000. The GIC has a maturity date of May 11, 2021, with an interest rate of 1.25% per annum. As at June 30, 2020, the principal balance of \$300,000 and accrued interest of \$514 is included in cash and cash equivalents.

6. EQUITY INSTRUMENTS

(a) Common shares

The Company did not issue any common shares during the six months ended June 30, 2020.

(b) Stock options

The Company has a stock option plan to purchase the Company's common shares, under which it may grant stock options of up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to directors, officers, and employees, and to persons providing investor relations or consulting services, the limits being based on the Company's total number of issued and outstanding shares per year. The stock options vest on the date of grant. The option price must be greater than or equal to the discounted market price on the grant date, and the option term cannot exceed five years from the grant date.

A summary of changes in stock options were as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2019 and 2018	1,200,000	\$ 0.10
Expired	(500,000)	0.10
Outstanding and exercisable, June 30, 2020	700,000	\$ 0.10

At June 30, 2020, the following stock options were outstanding:

Numbers of options outstanding	Exercise price	Expiry date
700,000	\$ 0.10	June 15, 2023

At June 30, 2020, the weighted average remaining contractual life of the outstanding options is 2.96 years.

Elephant Hill Capital Inc.

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(Unaudited)

7. LOSS PER SHARE

The following reflects the loss and unit data used in the basic and diluted loss per share computations:

	For the six months ended June 30, 2020 (restated)	For the six months ended June 30, 2019
Issued common shares at open	7,000,000	7,000,000
Effect of common shares issued during the period	-	-
Effect of escrowed shares	(2,000,000)	(2,000,000)
	5,000,000	5,000,000
	\$	
Net loss	106,595	\$ 27,383
Loss per share – basic and diluted	\$ (0.02)	\$ 0.01

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period.

Removed from the effect of the per share amounts are shares held in escrow. The Company's shareholders are subject to the TSX's Capital Pool Companies Policy 2.4 whereby 2,000,000 shares issued are held in escrow until the issuance of the Final Exchange Bulletin. Under the Seed Share Escrow Agreement, 10% of the escrowed Seed Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

8. FINANCIAL INSTRUMENTS

Fair value hierarchy

As at June 30, 2020, the Company held the following financial instruments measured at fair value: cash and cash equivalents (level 1).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the six months ended June 30, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval to list its shares on the Exchange.

10. RESTATEMENT

The figures for the three and six months ended June 30, 2020 have been restated for adjustments reflecting the correction of an error which is summarized below.

Condensed Interim Statement of Financial Position:

For the six months ended June 30, 2020	As previously reported \$	Adjustment \$	As Restated \$
Liabilities			
Accounts payable and accrued liabilities	301	50,770	51,071
Total liabilities	301	50,770	51,071

Elephant Hill Capital Inc.

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For the six months ended June 30, 2020 and 2019

(Unaudited)

Condensed Interim Statements of Changes in Equity:

For the six months ended June 30, 2020	As previously reported \$	Adjustment \$	As Restated \$
Deficit	(237,915)	(50,770)	(288,685)
Total equity	309,656	(50,770)	258,886

Condensed Interim Statement of Loss and Comprehensive Loss:

For the three months ended June 30, 2020	As previously reported \$	Adjustment \$	As Restated \$
Expenses			
Professional fees	4,313	50,770	55,083
Net loss and comprehensive loss for the period	(8,048)	(50,770)	(58,818)
Loss per share, basic and diluted	(0.00)		(0.01)

For the six months ended June 30, 2020	As previously reported \$	Adjustment \$	As Restated \$
Expenses			
Professional fees	33,525	50,770	84,295
Net loss and comprehensive loss for the period	(55,825)	(50,770)	(106,595)
Loss per share, basic and diluted	(0.01)		(0.02)

Condensed Interim Statement of Cash Flows:

For the six months ended June 30, 2020	As previously reported \$	Adjustment \$	As Restated \$
Operating activities			
Net loss and comprehensive loss for the period	(55,825)	(50,770)	(106,595)
Items not affecting cash			
Accrued professional fees	-	50,770	50,770
Net cash used in operating activities	(68,314)	-	(68,314)

Elephant Hill Capital Inc.

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The \$50,770 restatement adjustment represents a correction to record an accrued liability for professional services rendered and received by the Company during the three-month period ended June 30, 2020 and is accordingly reflected in both the three and six-month periods ended June 30, 2020. This adjustment does not have any impact on the comparative statement of financial position as at December 31, 2019 or the financial statement figures presented in the financial statements for the year ended December 31, 2019.

11. SUBSEQUENT EVENT

On November 2, 2020, the Company entered into a binding merger agreement (the “Business Combination Agreement”) with Esports Limited (operating as “Luckbox”) and EH SubCo Limited (“EH”), a subsidiary of the Company, incorporated under the laws of the Isle of Man. Under the proposed transaction, the Company will acquire all the outstanding shares of Luckbox in exchange for the Company’s common shares that will constitute a reverse takeover of the Company.

The proposed transaction is expected to be affected by way of a three-cornered amalgamation under the laws of the Isle of Man. Luckbox will amalgamate with EH and become a wholly owned subsidiary of the Company on completion of the proposed transaction. Shareholders of Luckbox will exchange their shares in Luckbox for common shares of the Company. Upon completion of the proposed transaction, the resulting issuer will continue on with the business of Luckbox.

The Company’s shares are expected to be consolidated on a 4.2:1 basis immediately before the completion of the share exchange. Each shareholder of Luckbox will receive one post-consolidation common share of the Company in exchange for each common share of Luckbox and each outstanding Luckbox stock option and warrant outstanding shall be exchanged for a stock option and warrant of the Company on the same terms. It is anticipated that this transaction will constitute the Company’s QT which is subject to regulatory approval prior to closing.