

ELEPHANT HILL CAPITAL INC.
(also referred to as “Elephant Hill” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(RESTATED)

The following discussion and analysis should be read in conjunction with the audited financial statements for the year ended December 31, 2019 and condensed interim financial statements for the period ended June 30, 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Corporation is available on SEDAR at www.sedar.com.

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

DATE

This management’s discussion and analysis (“MD&A”) is approved by the Board and dated November 27, 2020 and relates to the six months ended June 30, 2020. The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

DESCRIPTION OF ELEPHANT HILL’S BUSINESS AND OVERALL PERFORMANCE

Elephant Hill was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on January 15, 2018. The Company is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the “TSXV”) and is seeking to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

The Company issued seed stock of 2,000,000 common shares at a price of \$0.05 on January 15, 2018 to founders of the Company.

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 and filed for listing as a Capital Pool Company on the TSX Venture Exchange. The common shares of the Company commenced trading on June 20, 2018 under the trading symbol EH.P.

The Corporation was incorporated on January 15, 2018 and was not yet a "Reporting Issuer" pursuant to applicable securities legislation until April 23, 2018 the date of the final receipt for the Prospectus as issued by the Alberta, British Columbia and Saskatchewan Securities Commissions, thereby becoming a "Reporting Issuer" in each of the provinces of Alberta, British Columbia and Saskatchewan.

PROPOSED TRANSACTIONS

On May 12, 2020, the Company announced its non-binding letter of intent to complete its Qualifying Transaction (“QT”) with Artos Pharma Inc. (“Artos”) and Tassili Life Sciences Corp (“Tassili”) has been terminated. Pursuant to this termination, the Company announced that it has entered into a non-binding letter of intent dated May 11, 2020 with Esports Limited, doing business as “Luckbox”, an esports betting

company headquartered in the Isle of Man. The business combination (referred to as the “Proposed Transaction”) would constitute Elephant Hill acquiring all issued and outstanding securities of Luckbox.

Conditional to completion of required due-diligence and required approvals of respective boards of directors, shareholders and regulatory authorities the Proposed Transaction will result in each shareholder of Luckbox receiving one Elephant Hill common share for each Luckbox share outstanding, and one Elephant Hill warrant or stock option for each warrant or stock option outstanding at the respective companies on the same terms.

In connection with the Proposed Transaction, Luckbox and Elephant Hill proposed to complete a brokered private placement of subscription receipts for gross proceeds of between \$2,000,000 and \$3,000,000. On July 29, 2020, Luckbox and Elephant Hill announced that an oversubscribed financing of \$5,000,000 had been closed.

Following completion of the Proposed Transaction, Elephant Hill intends to list as a Tier 2 Industrial Issuer on the Exchange and continue with the business of Luckbox, engaged in private esports betting, with a fully licensed betting platform dedicated to serving the global esports community where fans and customers are able to bet, watch, and chat.

On November 2, 2020, the Company entered into a binding merger agreement with 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.

RISKS AND UNCERTAINTIES

The Corporation does not have a history of earnings, nor has it paid any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the exchange may suspend or de-list the Corporation’s shares from trading.

RESULTS OF OPERATIONS (RESTATED)

During the six months ended June 30, 2020, the Company incurred a net loss of \$106,595 which consisted of \$84,295 in professional fees, \$16,863 in general and administration costs and \$7,560 in travel expenses, and was partially offset by \$2,123 in interest income. Expenses incurred during the period were

higher than during the six months ended June 30, 2019 due to professional fees incurred in connection with due diligence work over potential QT transactions.

During the six months ending June 30, 2019, the Company incurred a loss of \$27,383 which relates to \$10,373 in ongoing general and administration costs, \$10,457 in travel expenses and \$7,213 in professional fees and was partially offset by \$660 in interest income.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected quarterly unaudited financial data for the eight completed interim quarters since incorporation:

	Three months ended							
	June 30, 2020 (restated)	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Other income	932	1,191	1,191	1,191	660	-	-	-
Net loss for the period	(58,818)	(47,777)	(19,845)	(3,878)	(8,626)	(18,758)	(39,915)	(29,599)
Basic and diluted loss per share ¹	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)

⁽¹⁾ 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

Net loss increased for the three months ended June 30, 2020 and three months ended March 31, 2020 compared to the previous periods primarily due to increases in professional fees and general administrative expenses surrounding the Company's search for a qualifying transaction and related activity, with the previously announced Tassili and Artos.

Net loss increased for the three months ended December 31, 2019, primarily due to an increase in travel expenses incurred during management's search for suitable companies for the Company's qualifying transaction and expenses relating to the year-end audit.

Net loss decreased for the three months ended September 30, 2019, primarily due to a decrease in travel and general and administrative expenses, offset by increased return on interest from the company's GIC

Net loss decreased for the three months ended June 30, 2019, primarily due to an overall decrease in operating expenses as this was the first period since the Company terminated its letter of intent with Adcore that was to be the Company's Qualifying Transaction.

Net loss decreased for the three months ended March 31, 2019, primarily due to an overall decrease in operating expenses as this is the first period since the Company terminated its letter of intent with Adcore that was to be the Company's Qualifying Transaction.

Net loss increased for the three months ended December 31, 2018, primarily due to an overall increase in operating expenses related to significant travel and related operating expenses related to activity surrounding the intent to execute the Company's qualifying transaction with Adcore.

Net loss decreased for the three months ended September 30, 2018, primarily due to a decrease in share-based compensation, which was a significant non-recurring expense during the previous quarter. This decrease was partially offset by an increase in travel expenses.

OUTSTANDING SHARE DATA

Common Shares

As at November 27, 2020, the Corporation had 7,000,000 common shares issued and outstanding.

Stock Options

As at November 27, 2020, there were 700,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

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

LIQUIDITY AND CAPITAL RESOURCES (RESTATED)

As at June 30, 2020, the Corporation had working capital of \$258,886 comprised of cash and cash equivalents of \$309,957 offset by \$51,071 of accounts payable and accrued liabilities. Management considers the current working capital to be sufficient for the Corporation to meet its ongoing obligations.

CHANGE IN ACCOUNTING POLICIES

Disclosure of accounting policies have been disclosed in Note 3 of the Company's condensed interim financial statements for the six months ended June 30, 2020 and Note 4 of the financial statements for the year ended December 31, 2019.

There were no changes in accounting policy, and no adoption of new accounting policies for the six months ended June 30, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTY

The Company has identified its directors and certain officers as its key management personnel. Current directors and officers of the Company are as follows:

Mohammad Fazil, President, CEO, CFO, and Director
Eamon Hurley, Director and Secretary

Sarshar Ahmad, Director
Jonathan Gilbert, Director

Key management personnel compensation

All related party transactions are carried out in the normal course of operation and are recorded at fair value. There was no key management compensation or other related party transactions during the six months ended June 30, 2020.

Related party balances

As at June 30, 2020, there were \$nil (December 31, 2019, \$nil) payable to related parties.

FINANCIAL INSTRUMENTS

The Company's senior management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's senior management provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and group risk appetite. All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's financial assets consist of cash and cash equivalents and other receivables related to accrued interest. The Company's maximum exposure to credit risk, as at period-end, is the carrying value of its financial asset. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness.

Liquidity risk (restated)

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had cash and cash equivalents of \$309,957 and current liabilities of \$51,071.

Other risks

None of the Company's future cash flows of financial instruments are subject to change from other price changes and currency risks.

CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Corporation's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

CAPITAL RISK MANAGEMENT (RESTATED)

The Corporation's capital currently consists of common shares and options. The Corporation defines capital as total equity which was \$258,886 at June 30, 2020. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

The proceeds raised from the issuance of common shares may only be used to complete the IPO and subsequent to the IPO, identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares issued in the IPO may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

SUBSEQUENT EVENTS

There were no subsequent events other than those disclosed in the Proposed Transactions.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information in the "Risks and Uncertainties" and "Outlook" sections that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, volatility of commodity prices, currency fluctuations, delays resulting from the inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the effect of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.