

FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

Item 1 **Name and Address of Company**

Cryptologic Corp. (the “**Company**”)
5 Hazelton Avenue, Suite 300
Toronto, ON
M5R 2E1s

Item 2 **Date of Material Change**

September 19, 2019

Item 3 **News Release**

A news release in respect of the material change was disseminated on September 23, 2019 through the facilities of GlobeNewswire and subsequently filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”). A copy of the news release is available on SEDAR at www.sedar.com.

Item 4 **Summary of Material Change**

The Company has entered into an amended and restated loan agreement and LOI amendment agreement (the “**Amended and Restated Loan Agreement**”) between the Company, Maricann Inc. (“**Maricann**”), Wayland Group Corp. (“**Wayland**”) and Nanoleaf Technologies Inc. (“**Nanoleaf**”), effective as of September 17, 2019, pursuant to which, among other things, the Company agreed to provide for additional bridge loans to Maricann (collectively, the “**Loans**” and each a “**Loan**”). Each Loan is expected to be in an amount equal to \$1 million, subject to an overall aggregate cap of \$25 million for all Loans, including Loans already advanced and subject to satisfaction of certain conditions precedent to each Loan. Wayland and Nanoleaf have both granted guarantees in favour of the Company. As security for the repayment of the Loans, Wayland, Maricann and Nanoleaf have each granted the Company a second lien security interest over their respective Canadian assets. The Loans and the related security are subordinated to Wayland’s existing secured debentures.

Item 5 **Full Description of Material Change**

On September 23, 2019, the Company announced that it had entered into the Amended and Restated Loan Agreement, effective September 17, 2019, pursuant to which, among other things, the Company agreed to provide for the Loans to Maricann. Each additional Loan is expected to be in an amount equal to \$1 million, subject to an overall aggregate cap of \$25 million for all Loans, including Loans already advanced and subject to satisfaction of certain conditions precedent. Following the Company’s advance of an additional Loan of \$1 million on September 18, 2019, the aggregate principal amount of outstanding Loans is \$6 million.

If the previously disclosed proposed transaction with the Company for the sale of Wayland’s Canadian business (the “**Proposed Transaction**”) does not close, the term of the Loans will expire on August 9, 2020, provided that if the Proposed Transaction is

completed before such date, the obligations under the Amended and Restated Loan Agreement will become an assumed liability under the Proposed Transaction.

Wayland and Nanoleaf have both granted guarantees in favour of the Company. As security for the repayment of the Loans, Wayland, Maricann and Nanoleaf have each granted the Company a second lien security interest over their respective Canadian assets. The Loans and the related security are subordinated to Wayland's existing secured debentures. Subject to Maricann's delivery of an Alternative Transaction Notice (as defined below), the Loans bear an interest rate of 13% per year. Subject to any requirement to pay the Non-Completion Fee (as defined below), the Loans can be repaid by Maricann at any time without penalty, in which case the Amended and Restated Loan Agreement terminates.

The Amended and Restated Loan Agreement also provides for a non-completion fee (the "**Non-Completion Fee**") up to an amount equal to 5% of the deemed aggregate equity value of the Proposed Transaction. Maricann would be required to pay the Non-Completion Fee on the earlier of the closing date of an Alternative Transaction (as defined below), or the last day of the term of the Loans. The requirement to pay the Non-Completion Fee would be triggered by the giving of notice (an "**Alternative Transaction Notice**") by Wayland of its intent to commence discussions or enter into negotiations for a binding definitive agreement with a party other than the Company with respect to any transaction in respect of Wayland's Canadian business or the assets subject to the Proposed Transaction (an "**Alternative Transaction**"). The amount of the Non-Completion Fee would be calculated based on the aggregate principal amount of outstanding Loans (subject to the 5% maximum). In the event that the Non-Completion Fee becomes payable, based on the current aggregate principal amount of outstanding Loans, the Non-Completion Fee would be \$6 million if the principal amount of the loans are repaid on or prior to completion of the Alternative Transaction or \$11.5 million if they are not, which is the maximum amount permitted under the Amended and Restated Loan Agreement based on 5% of the deemed aggregate equity value of the Proposed Transaction of \$230 million. Delivery of an Alternative Transaction Notice by Wayland also results in an increase in the interest rate payable under the Amended and Restated Loan Agreement from 13% to 25%.

The Amended and Restated Loan Agreement further amends the previously announced non-binding letter of intent entered into between Wayland and the Company in connection with the Proposed Transaction to provide that any time after December 16, 2019, Wayland may provide an Alternative Transaction Notice and the issuance of such notice shall consequently trigger the obligation to pay the Non-Completion Fee.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

Jordan Greenberg, Chief Financial Officer
Telephone: 647-715-3707

Item 9 **Date of Report**

September 25, 2019

Forward Looking Information

This material change report includes forward-looking information and statements, which may generally be identified by the use of the word “proposed”, “expects”, “may” and “intends” and variations or similar expressions and which include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. Such statements include those relating to the terms and completion or non-completion of the Proposed Transaction with Wayland, the rate of interest applicable to the Loans from time to time, the potential for discussions with other third parties following December 16, 2019, the amount of the potential Non-Completion Fee payable by Wayland and the ability of Wayland to pay some or all of the Non-Completion Fee in the event such discussions occur. Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Such assumptions, risks, uncertainties and other factors include, but are not limited to, that the Proposed Transaction with Wayland will be completed on the timelines or on the terms anticipated by the Company or at all, that Maricann will be able to deploy the funds received pursuant to the Amended and Restated Loan Agreement in the manner, to the effect and on the timelines anticipated and that Maricann’s financial, operational and capital requirements can be met in the manner and on the timelines anticipated or at all, such that the Loans can be repaid at maturity or at all, the amount of the potential Non-Completion Fee will not be amended and Wayland or another party in a Proposed Transaction will have the ability to pay some or all of the Non-Completion Fee in the event such discussions occur. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.