



## CRYPTOLOGIC ANNOUNCES FILING AND MAILING OF MEETING MATERIALS FOR UPCOMING ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AND FILING AND MAILING OF MEETING MATERIALS FOR UPCOMING MEETING OF DEBENTUREHOLDERS

TORONTO, Ontario, February 24, 2020 – Cryptologic Corp. (“**Cryptologic**” or the “**Company**”) (CSE:CRY) today announces that it has mailed its management information circular and related voting materials (collectively, the “**Shareholders’ Meeting Materials**”) on February 21, 2020 to holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Cryptologic in connection with the annual and special meeting of Shareholders to be held at the Company’s offices at 5 Hazelton Avenue, Suite 300, Toronto Ontario, M5R 2E1 at 1:30 p.m. (Toronto time) on March 13, 2020 (the “**Shareholders’ Meeting**”).

The Company has also mailed its management information circular and related voting materials (collectively, the “**Debentureholders’ Meeting Materials**”) on February 21, 2020 to holders (the “**Debentureholders**”) of 8% Extendible Convertible Unsecured Debentures (the “**Debentures**”) of the Company in connection with the meeting of the Debentureholders to be held at the Company’s offices at 2:30 p.m. (Toronto time) on March 13, 2020 (the “**Debentureholders’ Meeting**”).

### The Shareholders’ Meeting

At the Shareholders’ Meeting, Shareholders will be asked to consider and vote on, among other things, the proposed sale of all or substantially all of the Company’s assets (the “**Asset Sale**”) pursuant to Section 184(4) of the *Business Corporations Act* (Ontario) (the “**OBCA**”), the terms of such Asset Sale to be finalized by management and approved by the board of directors of the Company. If completed, the Company shall become a shell corporation with no assets other than the proceeds from the Asset Sale.

The Shareholders’ Meeting Materials include a management information circular (the “**Shareholders’ Circular**”) that contains, among other things, details concerning the Asset Sale, the reasons for the recommendations described below, the risks associated with the Asset Sale, voting procedures at the Shareholders’ Meeting, dissent procedures for Shareholders who wish to exercise dissent rights under the OBCA as a result of the Asset Sale and other related matters.

The board of directors of the Company (the “**Board**”) has been involved in assessing the various proposals and considering the impact of the Asset Sale on all stakeholders. As part of these considerations, the Board received and reviewed analysis presented by Company’s management. After careful consideration, the Board unanimously determined that the Asset

Sale is in the best interest of the Company and recommends that Shareholders vote in favour of the resolution approving the Asset Sale.

The resolution approving the Asset Sale must be approved by an affirmative vote of not less than 66⅔% of the votes cast by the Shareholders who vote in person or by proxy at the Shareholders' Meeting.

The Shareholders' Meeting Materials have been filed under the Company's profile on SEDAR and are available at [www.sedar.com](http://www.sedar.com). Shareholders are urged to carefully review the Shareholders' Meeting Materials, as they contain important information regarding the Asset Sale and its consequences to Shareholders.

### **The Debentureholders' Meeting**

At the Debentureholders' Meeting, Debentureholders will be asked to consider and vote on an Extraordinary Resolution (as such term is defined in the convertible debenture indenture (the "**Indenture**") dated June 21, 2018 between the Company and AST Trust Company (Canada) (the "**Trustee**"), a copy of which is available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com)) to:

- (a) authorize the Company to amend the terms of the Indenture to provide for the payment of interest by the issuance of Common Shares on terms that are consistent with the Company's ability to satisfy its obligation to repay the principal amount of the Debentures in Common Shares;
- (b) amend the conversion price of the Debentures from \$15.00 (as adjusted in connection with the consolidation of the Common Shares on a 30:1 basis, effective on February 14, 2019 (the "**Consolidation**")) to \$1.00 (the "**Amended Conversion Price**"); and
- (c) amend the price at which the Company may force the conversion of the Debentures (a "**Forced Conversion**") pursuant to Section 4.14 of the Indenture from \$27.00 (as adjusted in connection with the Consolidation) to the Amended Conversion Price and to amend the circumstances in which the Company can implement such Forced Conversion (collectively, the "**Debentureholders' Resolution**").

To be effective, the Debentureholders' Resolution must be passed by the favourable votes of the holders of not less than 66⅔% of the aggregate principal amount of the outstanding Debentures represented and voted at the Debentureholders' Meeting or any adjournment thereof. Pursuant to the provisions of the Indenture, the Debentureholders' Resolution, if approved, will be binding upon all Debentureholders, whether present at or absent from the Debentureholders' Meeting. If the Debentureholders' Resolution is approved at the Debentureholders' Meeting, in order to effect the amendments proposed in the Debentureholders' Resolution (the "**Proposed Amendments**"), the Company and the Trustee shall enter into a supplemental indenture (the "**Supplemental Indenture**") pursuant to Section 14.1(d) of the Indenture.

The Corporation currently has the option to satisfy its obligation to repay the principal amount of the Debentures in Common Shares on June 30, 2020, being the maturity date of the Debentures, in accordance with the terms of the Indenture.

Cryptologic believes that the Proposed Amendments are necessary to improve its balance sheet and simplify its capital structure, in order to proceed with either the proposed transaction with Wayland Group Corp. or an alternative transaction as recommended by management and approved by the Board.

In the event the Debentureholders' Resolution is approved by the Debentureholders, the Company and the Trustee enter into a Supplemental Indenture and the Company effects a Forced Conversion at the Amended Conversion Price, the Debentures shall be converted into 34,500,000 Common Shares, resulting in approximately 73.06% dilution based on the number of issued and outstanding Common Shares as at the record date for the Shareholders' Meeting and the Debentureholders' Meeting, being February 10, 2020.

Cryptologic has received voting support agreements from Debentureholders holding Debentures in the aggregate amount of over \$16 million in which those Debentureholders agreed to vote their Debentures in favour of the Debentureholders' Resolution.

The Debentureholders' Meeting Materials have been filed under the Company's profile on SEDAR and are available at [www.sedar.com](http://www.sedar.com). Debentureholders are urged to carefully review the Debentureholders' Meeting Materials, as they contain important information regarding the Debentureholders' Resolution and its consequences to Debentureholders'.

For information or interview please contact:

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### **About Cryptologic Corp.**

Cryptologic Corp. is currently a cryptocurrency mining company that is focused on divesting its crypto mining assets and exploring acquisition opportunities in sectors outside of cryptocurrency mining.

### **Cautionary Note Regarding Forward-Looking Information**

Certain statements in this press release, including statements with respect to the Company's position to enter other aspects of cryptocurrency mining, the Company's ability to obtain the requisite Shareholder approvals to proceed with the Asset Sale, the Company's ability to complete the Asset Sale, the Company's ability to obtain the requisite Debentureholder approvals for the Debentureholder Resolution, the Company proceeding with a Forced Conversion and the number of Common Shares to be issued upon completion of a Forced Conversion, contain forward-looking information which can be identified by the use of forward

looking terminology such as "believes", "expects", "may", "desires", "will", "should", "projects", "estimates", "contemplates", "anticipates", "intends", or any negative such as "does not believe" or other variations thereof or comparable terminology. No assurance can be given that potential future results or circumstances described in the forward-looking statements will be achieved or will occur. By their nature, these forward-looking statements necessarily involve risks and uncertainties, including the risk that the Shareholders do not approve the Asset Sale, the Company is not able to proceed with the Asset Sale on terms that are favourable to the Company or at all, the Debentureholders do not approve the Debentureholders' Resolution, Debentureholders who have provided a voting support agreement may terminate such voting support agreements, and other risks and uncertainties discussed herein, that could cause actual results to significantly differ from those contemplated by these forward-looking statements. Such statements reflect the view of the Company with respect to future events, and are based on information currently available to the Company and on assumptions, which it considers reasonable. Management cautions readers that the assumptions relative to the future events, several of which are beyond management's control, could prove to be incorrect, given that they are subject to certain risk and uncertainties, and that actual results may differ materially from those projected. Other factors which could cause results or events to differ from current expectations include, among other things, the impact of general economic, industry and market conditions. Management disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information. The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.