FORM 2A

LISTING STATEMENT

Kings Entertainment Group Inc.

(the "Issuer" or the "Company")

January 19, 2022

NOTE TO READER

This Listing Statement contains a copy of the amended and restated prospectus of Kings Entertainment Group Inc. (the "**Company**") dated December 30, 2021 (the "**Prospectus**"). Certain sections of the Canadian Securities Exchange (the "**Exchange**") form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Company required by the Exchange, as well as updating certain information contained in the Prospectus.

TABLE OF CONTENTS

TABLE OF CONCORDANCE

Information Required by Form 2A Listing Statement	Corresponding Item(s) in the Prospectus	Prospectus Page #
Corporate Structure	Corporate Structure	22-24
General Development of the Business	History of the Business	24-26
Narrative Description of the Business	Description of the Business	26-31
Selected Consolidated Financial Information	Selected Financial Information and Management's Discussion and Analysis	34-37
Management's Discussion and Analysis	Selected Financial Information and Management's Discussion and Analysis	34-37
Description of the Securities	Description of Securities Distributed	37-38
Market for Securities	N/A	N/A
Consolidated Capitalization	Consolidated Capitalization	38-39
Options to Purchase Securities	Options to Purchase Securities	39-41
Escrowed Securities	Escrowed Securities and Resale Restrictions	42-43
Principal Shareholders	Principal Shareholders	43
Directors and Officers	Directors and Executive Officers	43-49
Capitalization	N/A	N/A (See attached Schedule B to this Form 2A)
Executive Compensation	Executive Compensation	49-53
Indebtedness of Directors and Executive Officers	Indebtedness of Directors and Executive Officers	53
Risk Factors	Risk Factors	59-68
Promoters	Promoters	68
Legal Proceedings	Legal Proceedings and Regulatory Action	68-70
Interest of Management and Others in Material Transactions	Interest of Management and Others in Material Transactions	70
	Auditors	70

Information Required by Form 2A Listing Statement	**Corresponding Item(s) in the Prospectus**	**Prospectus Page #**
	Schedule E - Unaudited Pro-Forma Consolidated Financial Statements of the Resulting Issuer as at September 30, 2021	Schedule E

SCHEDULE A

Long Form Prospectus dated December 30, 2021

See attached.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account of benefit of, any U.S Persons.*

PROSPECTUS

NEW ISSUE **December 30, 2021**

KINGS ENTERTAINMENT GROUP INC.

17,789,000 Common Shares issuable upon deemed exercise of 17,789,000 outstanding Subscription Receipts

---

This long form prospectus (the "**Prospectus**") is being filed by Kings Entertainment Group Inc. ("**Kings Entertainment**" or the "**Company**") with the securities regulatory authorities in the provinces of British Columbia, Alberta, Manitoba, and Ontario to qualify the distribution of 17,789,000 Common Shares (the "**Subscription Receipt Shares**"), issuable for no additional consideration, upon the deemed exercise of 17,789,000 issued and outstanding subscription receipts (the "**Subscription Receipts**") of the Company.

The Subscription Receipts are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Subscription Receipt Shares.

The Subscription Receipts were issued by the Company on May 7, 2021 and November 4, 2021, on a brokered private placement basis to purchasers in certain provinces of Canada pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada in compliance with the laws applicable to each subscriber, respectively (the "**Subscription Receipt Financing**"). The Company issued an aggregate of 17,789,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $8,894,500. The Subscription Receipts were issued pursuant to the terms and conditions of an agency agreement (the "**Agency Agreement**") dated May 7, 2021, between the Company and Research Capital Corporation (the "**Lead Agent**"), as lead agent and sole bookrunner, and Richardson Wealth Limited (together with the Lead Agent, the "**Agents**"). Each Subscription Receipt entitles the holder thereof to acquire, for no additional consideration, one Subscription Receipt Share pursuant to the terms and conditions in the Subscription Receipt Certificate (as defined herein). The conversion of the Subscription Receipts to Subscription Receipt Shares is anticipated to occur on the completion of certain conditions, specifically obtaining final receipt of the Prospectus qualifying the distribution of the Subscription Receipt Shares and receipt of conditional approval from the Canadian Securities Exchange (the "**CSE**" or the "**Exchange**") to list the Common Shares.

The gross proceeds from the sale of the Subscription Receipts in the amount of $8,894,500 (the "**Escrowed Funds**") were deposited in escrow and are held by Olympia Trust Company (the "**Subscription Receipt Agent**") in an interest-bearing account pursuant to a subscription receipt agreement (the "**Subscription Receipt Agreement**") dated May 7, 2021, between the Company and the Subscription Receipt Agent. The Escrowed Funds will not to be released until the satisfaction of the Escrow Release Conditions (as defined herein) at which time the balance of the Escrowed Funds together with interest earned thereon will be accessible by the Company. The Company will use the Escrowed Funds as set out in "*Use of Available Funds*".

There is no market through which any of the securities being distributed under this Prospectus may be sold, and purchasers may not be able to resell such securities acquired hereunder. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*".

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including minimum listing requirements. As of the date hereof, the Company has not received conditional approval from the CSE and there is no guarantee that the CSE will provide approval for the listing of the Common Shares. The Common Shares have not been listed or quoted on any stock exchange or market.

An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "*Risk Factors*".

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Subscription Receipt Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Subscription Receipt Shares.

Prospective investors should rely only on the information contained in this Prospectus. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Steven Budin and Joseph Krutel, directors of the Company, each reside outside of Canada. Each of Steven Budin and Joseph Krutel have appointed the following agent for service of process:

Name of Agent	Address of Agent
McMillan LLP	Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Agent for Service of Process*".

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Kings Entertainment Group Inc.
1500-1055 West Georgia Street
Vancouver, BC V6E 4N7
Phone: 647-560-9129

TABLE OF CONTENTS

GLOSSARY

The following is a glossary of certain general terms used in this Prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to, this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**$**" means Canadian dollars.

"**Administrator**" has the meaning set forth in "*Options to Purchase Securities – Terms of the Plan – Administration.*"

"**Acquisition**" has the meaning set forth in "*Corporate Structure – Acquisition of LottoKings Group*".

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person; or

(c) an Affiliate of that Person; or

(d) an Affiliate of any Company controlled by that Person.

"**Agency Agreement**" means the agency agreement dated May 7, 2021 between the Agent and the Company with respect to the Subscription Receipt Financing.

"**Agents**" means the Lead Agent and Richardson Wealth Limited, collectively.

"**Agent's Compensation Options**" means the compensation options issued to the Agent pursuant to the Agency Agreement, which are each exercisable into one Common Share at any time up to 24 months following the satisfaction of the Escrow Release Conditions.

"**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

"**Audit Committee**" means the audit committee of the Company.

"**Audit Committee Charter**" means the Audit Committee's Charter, attached hereto as Schedule "F".

"**Azteca**" means Azteca Messenger Services S.A. de C.V., incorporated pursuant to the laws of Mexico. Prior to the completion of the Acquisition, Legacy Eight was the sole registered and beneficial shareholder of Azteca.

"**Azteca Shares**" has the meaning set forth in "*Description of Securities Distributed - Azteca.*"

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, together with all regulations promulgated thereto.

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**Bragg Parties**" means, together, Bragg Gaming Group Inc. and Oryx International LLC.

"**Brands**" has the meaning set forth in "*Description of the Business - Principal Products and Services*".

"**Budin Employment Agreement**" has the meaning set forth in "*Executive Compensation - Employment, Consulting and Management Agreements*."

"**Business Day**" means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada.

"**CEO**" means Chief Executive Officer.

"**CEO Base Salary**" has the meaning set forth in "*Executive Compensation - Employment, Consulting and Management Agreements*."

"**CEO Bonus**" has the meaning set forth in "*Executive Compensation - Employment, Consulting and Management Agreements*."

"**CFO**" means Chief Financial Officer.

"**Closing Date**" has the meaning set forth in "*Corporate Structure – Acquisition of LottoKings Group*".

"**Committee**" has the meaning set forth in "*Options to Purchase Securities – Terms of the Plan – Administration.*"

"**Common Share**" means a common share in the capital of the Company.

"**company**" means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Company**" or "**Kings Entertainment**" has the meaning set forth on the face page of this Prospectus.

"**COVID-19**" has the meaning set forth under the heading "*Risk Factors*".

"**Curacao Gaming License**" means the license held by Legacy Eight Curacao, issued under a master internet gaming license issued by the Curacao Gaming Control Board pursuant to the Curacao National Ordinance on Offshore Games of Hazard (Landsverordening buitengaatse hazardspelen, PB 1993, no. 63).

"**Debt Offset Agreement**" has the meaning set forth in *"Description of the Business – Intercompany Accounts and Offsets."*

"**Escrow Deadline**" means 5:00 p.m. (Vancouver time) on December 31, 2021.

“**Escrow Release Conditions**” means the conditions required for the Escrowed Funds to be released to the Company, which are (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares issuable upon conversion of the Subscription Receipts in Canada; (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange as approved by the Company and the Agent; (iii) the Company having satisfied all conditions in the Agency Agreement and not having committed any material breach of covenants therein; and (iv) the Company and the Agent having delivered the Release Notice to the Subscription Receipt Agent in accordance with the Subscription Receipt Agreement.

“**Escrowed Funds**” has the meaning set forth on the face page of this Prospectus.

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange, operated by the CNSX Markets Inc.

“**FCGI**” means Full Color Games Inc., a corporation incorporated under the laws of Nevada.

“**Full Color Litigation**” has the meaning set forth in “*Legal Proceedings and Regulatory Actions*.”

“**Full Color Litigation L8 Parties**” means, collectively, Legacy Eight Canada, Legacy Eight, Legacy Eight Curacao, or Legacy Eight Malta.

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

“**Initial Term Severance**” has the meaning set forth in “*Executive Compensation - Employment, Consulting and Management Agreements*.”

“**IT**” has the meaning set forth under the heading “*Risk Factors*”.

“**Kings Entertainment Financial Statements**” means the audited financial statements of Kings Entertainment for the period from incorporation on February 27, 2020 to March 31, 2021, together with the notes thereto and the auditors’ report thereon, as applicable, and the interim financial statements for the six months ended September 30, 2021 together with the notes thereto, attached hereto as Schedule “A”.

“**Kings Entertainment MD&A**” means the management’s discussion and analysis of Kings Entertainment for the period from incorporation on February 27, 2020 to March 31, 2021 and for the six months ended September 30, 2021, attached hereto as Schedule “B”.

“**Lead Agent**” means Research Capital, in its capacity as lead agent and sole bookrunner for the Subscription Receipt Financing.

“**Legacy Eight**” means Legacy Eight Ltd., incorporated pursuant to the laws of the Bahamas.

“**Legacy Eight Curacao**” means Legacy Eight Curacao NV, incorporated pursuant to the laws of Curacao. Prior to the completion of the Acquisition, Legacy Eight was the sole registered and beneficial shareholder of Legacy Eight Curacao.

“**Legacy Eight Curacao Shares**” has the meaning set forth in “*Description of Securities Distributed - Legacy Eight Curacao.*”

“**Listing**” means the listing of the Common Shares on the CSE.

“**Listing Date**” means the date that the Common Shares are listed for trading on a nationally recognized Canadian securities exchange or trading system.

"**LottoKings Group**" means Legacy Eight Curacao, Azteca, and Phoenix, collectively.

"**LottoKings Group' Financial Statements**" means the consolidated audited financial statements of the LottoKings Group for the years ended December 31, 2019 and 2020 together with the notes thereto and the auditors' report thereon, as applicable, and the interim financial statements for the nine months ended September 30, 2021 together with the notes thereto, attached hereto as Schedule "C".

"**LottoKings Group' MD&A**" means the consolidated management's discussion and analysis of the LottoKings Group for the years ended December 31, 2019 and 2020 and for the nine months ended September 30, 2021 together with the notes thereto, attached hereto as Schedule "D".

"**MD&A**" means management's discussion and analysis of financial condition and operating results.

"**Named Executive Officer**" or "**NEO**" means:

(a) the CEO, or comparable position;

(b) the CFO, or comparable position;

(c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds CAD$150,000 per year; or

(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*, of the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees.*

"**Option Certificate**" has the meaning set forth in "*Options to Purchase Securities - Resulting Issuer -*

Terms of the Plan - *Exercise Price.*"

"**Option Plan**" has the meaning set forth in "*Options to Purchase Securities - Resulting Issuer.*"

"**Options**" means the options issued pursuant to the Option Plan.

"**Payment Shares**" has the meaning set forth in "*Corporate Structure – Legacy Eight Curacao.*

"**Person**" is to be broadly interpreted and includes an individual, a partnership, a corporation, a trust, a joint venture, any Governmental Authority or any incorporated or unincorporated entity or association of any nature, and the executors, administrators or other legal representatives of an individual in such capacity.

"**Pfeffer Agreement**" has the meaning set forth in "*Legal Proceedings and Regulatory Actions*."

"**Pfeffer Litigation**" has the meaning set forth in "*Legal Proceedings and Regulatory Actions*."

"**Phoenix**" means Phoenix Digital Services Ltd., incorporated under the laws of England and Wales. Prior to the completion of the Acquisition, Legacy Eight was the sole beneficial shareholder of Phoenix.

"**Phoenix Shares**" has the meaning set forth in *Description of Securities Distributed - Phoenix*."

"**Principal Regulator**" means the British Columbia Securities Commission.

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an Company, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an Company, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the Company or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

"**Prospectus**" has the meaning set forth on the face page of this Prospectus.

"**Regulation D**" means Regulation D promulgated under the U.S. Securities Act.

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act.

"**Resulting Issuer**" means Kings Entertainment after closing the Acquisition.

"**Resulting Issuer Financial Statements**" means the unaudited pro-forma consolidated financial statements of the Resulting Issuer as at September 30, 2021, together with the notes thereto, attached hereto as Schedule "E".

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

"**SEO**" means search engine optimization.

"**Share Purchase Agreement**" has the meaning set forth in "*Prospectus Summary - Principal Business – Share Purchase Agreement*."

"**Shareholders**" means holders of Common Shares.

"**Special Warrant Financing**" means the non-brokered private placement of the Company of 374,500 Special Warrants which was completed on April 15, 2021 at an issue price of $0.05 per Special Warrant for gross proceeds of $18,725.

"**Special Warrants**" means the Special Warrants issued by the Company at an issue price of $0.05 per Special Warrant, pursuant to the Special Warrant Financing, each of which entitled the holder thereof to acquire, for not additional consideration, one Common Share pursuant to the terms and conditions in the Special Warrant Certificate.

"**Special Warrant Certificate**" means a certificate representing Special Warrants.

"**Subscription Receipt Agent**" means Olympia Trust Company, as subscription receipt agent pursuant to the Subscription Receipt Agreement.

"**Subscription Receipt Agreement**" means the subscription receipt agreement dated May 7, 2021 between the Subscription Receipt Agent and the Company.

"**Subscription Receipt Certificate** means a certificate representing Subscription Receipts.

"**Subscription Receipt Exercise**" means the deemed exercise of the Subscription Receipts into Subscription Receipt Shares upon satisfaction of the Escrow Release Conditions.

"**Subscription Receipt Financing**" has the meaning set forth on the face page of this Prospectus.

"**Subscription Receipt Shares**" has the meaning set forth on the face page of this Prospectus.

"**Subscription Receipts**" has the meaning set forth on the face page of this Prospectus.

"**Term**" has the meaning set forth in "*Options to Purchase Securities - Resulting Issuer -*

Terms of the Plan - *Maximum Term of Options.*"

"**Transfer Agent**" means the transfer agent and registrar of the Company, being Olympia Trust Company.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**United States**" or "**U.S.**" means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia.

"**USD$**" means United States dollars.

CURRENCY PRESENTATION

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

NOTE REGARDING FORWARD LOOKING INFORMATION

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "*Prospectus Summary", "Description of the Business", "Selected Financial Information and Management's Discussion and Analysis*", and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's intention to complete the listing of the Common Shares on the CSE;
- the conversion of the Subscription Receipts and the release of Escrowed Funds to the Company;
- the use of available funds, including the proceeds of the Subscription Receipt Financing;
- business objectives and milestones; and
- adequacy of financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company's concurrent public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop the business, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, and that the Company maintains its ongoing relations with its business partners and governmental authorities. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "*Risk Factors*".

For the reasons set forth above, investors should not place undue reliance on forward looking statements. This Prospectus includes many cautionary statements, including those stated under the heading "*Risk Factors*". You should read these cautionary statements as being applicable to all related forward-looking statements wherever they appear in this Prospectus. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities laws, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or otherwise.

MARKET AND INDUSTRY DATA

Certain market and industry data contained in this Prospectus may be based upon information from government or other third-party publications, reports and websites or based on estimates derived from such publications, reports and websites. Government and other third-party publications and reports do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. The Company has not independently verified any of the data from government or other third-party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

EXCHANGE RATE DATA

The LottoKings Group publishes its consolidated financial statements in United States dollars. In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to ''CAD$'' or ''$'' are to Canadian dollars and references to ''USD$'' are to United States dollars.

The following table sets forth certain exchange rates based on the exchange rate as reported by the Bank of Canada. Such rates are set forth as United States dollars per CAD$1.00 and are the inverse of exchange rates quoted by the Bank of Canada for Canadian dollars per USD$1.00. On December 29, 2021, the exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was CAD$1.00 = USD$0.78.

	Nine Months Ended September 30,	Year Ended December 31,	
	2021 (USD$)	2020 (USD$)	2019 (USD$)

High	0.8306	0.7863	0.7699
Low	0.7778	0.6898	0.7353
Average	0.7994	0.7461	0.7537
Period end	0.7849	0.7854	0.7699

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Common Shares and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized terms used but not defined in this Prospectus Summary have the meanings ascribed thereto in the Glossary.

Principal Business

Kings Entertainment

Kings Entertainment was incorporated on February 27, 2020, under the BCBCA under the name "1242455 B.C. Ltd.". It changed its name to "Kings Entertainment Group Inc." on July 28, 2021. See "*Description of the Business*".

The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company has no active business and was incorporated for purpose of undergoing a transaction to become a reporting issuer and to list on a Canadian stock exchange. See "*Description of the Business*".

LottoKings Group

Legacy Eight Curacao N.V.

Legacy Eight Curacao N.V. ("**Legacy Eight Curacao**") was incorporated on February 26, 2016 under the laws of Curacao. Legacy Eight Curacao's head office is located at Landhuis Goort Kwartier, Groot Kwartierweg 12, Curacao. Legacy Eight Curacao has two wholly owned subsidiaries: (i) Bulleg Eight Limited, incorporated under the laws of Cyprus; and (ii) Legacy Eight Malta Ltd. ("**Legacy Eight Malta**"), incorporated under the laws of Malta.

Legacy Eight Curacao operates an online platform, under its Curacao Gaming License, which allows users to wager on various regulated, government-operated lotteries throughout the world, without the need to be present in those jurisdictions. Users select their entry and tender payment through Legacy Eight Curacao's platform, and Legacy Eight Curacao purchases tickets in that lottery on users' behalf. In the event a user's ticket wins, the winning funds are credited directly to the account of the user, less Legacy Eight Curacao's fees.

Legacy Eight Curacao offers its platform to the public through a number of websites owned by Legacy Eight Curacao, including www.wintrillions.com, www.lottokings.com, and www.trillionario.com.

Azteca Messenger Services S.A. de C.V.

Azteca Messenger Services S.A. de C.V. ("**Azteca**") was incorporated on March 15, 2013 under the laws of Mexico. Azteca's head office is located at Suite 902, Homero 1804, Mexico City, Mexico, 11570.

Azteca provides banking, payment processing and relationship management services support for Legacy Eight Curacao's Latin American business.

Phoenix Digital Services Ltd.

Phoenix Digital Services Ltd. ("**Phoenix**") was incorporated on December 4, 2017 under the laws of England and Wales. Phoenix's head office is located at 27/28 Eastcastle Street, London, UK W1W 8DH. Phoenix has one wholly owned subsidiary named Litermi S.A., incorporated under the laws of Uruguay.

Phoenix provides operational and management support for Legacy Eight Curacao's operations.

See "*Description of the Business*".

Share Purchase Agreement

Kings Entertainment entered into a Share Purchase Agreement dated February 24, 2021, as amended on November 22, 2021 (the "**Share Purchase Agreement**"), with Legacy Eight, the primary shareholder of each of Legacy Eight Curacao, Azteca, and Phoenix (the "**LottoKings Group**"), pursuant to which Kings Entertainment agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix in exchange for Common Shares. Following the closing of the Share Purchase Agreement, Legacy Eight Curacao, Azteca and Phoenix became wholly owned subsidiary of Kings Entertainment. See "*Corporate Structure - Legacy Eight Curacao*."

Resulting Issuer

The Resulting Issuer's head office and registered and records office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The principal business of the Resulting Issuer will be the same as that of Legacy Eight Curacao, Azteca and Phoenix.

Management, Directors & Officers of the Resulting Issuer

Name	Position
Steven Budin	Chief Executive Officer and Director
Damian Goodwin	Chief Operating Officer
James Dominique	Chief Marketing Officer
Kelvin Lee	Director, Chief Financial Officer and Corporate Secretary
Robin Godfrey	Director (Chair of the Board)
Anthony Zelen	Director
Joseph Krutel	Director
Laryssa Hetmanczuk	Director

See "*Directors and Executive Officers*".

No Proceeds Raised

No proceeds will be raised pursuant to this Prospectus.

Funds Available

The gross proceeds paid to the Company from the sale of the Subscription Receipts pursuant to the Subscription Receipt Financing was $8,894,500 (or approximately USD$6,940,378[1]). As at November 30, 2021, the Resulting Issuer had working capital of USD$158,241 on a pro forma basis, after giving effect to the Acquisition.

The Resulting Issuer has used, or intends to use, the net proceeds of the Subscription Receipt Financing and its other available funds as follows:

Item	
Funds Available	
Cash of the Resulting Issuer as at November 30, 2021	USD$158,241
Net funds raised pursuant to the Subscription Receipt Financing(1)	USD$6,439,559
Total Available Funds	**USD$6,597,800**
Principal Purposes for the Available Funds	
Launch Native Mobile App	USD$50,000
Build B2B technical capability into platform	USD$250,000
Upgrade Resulting Issuer's "back end" functionality	USD$250,000
Acquire three (3) licenses in new jurisdictions	USD$450,000
Create 'satellite sites' and upgrade SEO	USD$350,000
Advertising campaign based on LottoHub app(2)	USD$800,000
Acquire complementary businesses and properties(3)	USD$2,500,000
General and Administrative Expenses(4)	USD$1,055,000
Unallocated working capital	USD$892,800
Total	**USD$6,597,800**

Notes:

1. The net funds raised pursuant to the Subscription Receipt Financing are held in escrow with the Subscription Receipt Agent and will only be released upon satisfaction of waiver of the Escrow Release Conditions.
2. The Resulting Issuer currently does not have any agreements with potential vendors. The Resulting Issuer will update its public disclosure with details of any material agreement with vendors, if and when applicable.
3. The Resulting Issuer currently does not have any proposed acquisitions. The Resulting Issuer will update its public disclosure with details of any proposed acquisitions, if and when applicable.
4. Consisting of: accounting and audit fees (USD$80,000); general marketing fees (USD$50,000); legal fees (USD$120,000); consulting fees and employee salaries (USD$600,000); offices, rent and other (USD$50,000); regulatory and filing fees (USD$100,000); and travel (USD$55,000).

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company.

The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: information systems and cybersecurity risks; reliance

[1] Based on the Bank of Canada closing rate on December 2, 2021 of USD$1 = CAD$1.2815.

on management; management of growth; the Company's limited operating history; forecasting limitations; the need of additional financing and possible effects of dilution; the Company's insurable and uninsurable risks; internal controls; the Pfeffer Litigation, the Full Colour Litigation and future potential litigation; governmental regulations and risks; competition; potential breaches of confidentiality; the Company's inability to protect intellectual property; innovation risks; conflicts of interest; the loss of support of banks and payment processors; social responsibility concerns; increased regulation to the online gaming industry; potential regulatory investigations; dependence on mobile advertising; resale of Common Shares; the COVID-19 outbreak and its effect on the Company's business; risks related to the market price of the Common Shares and volatility; risks related to the economic environment and global financial conditions; the unlikeliness of the payment of dividends; and other factors beyond the control of the Company.

For a detailed description of certain risk factors relating to the Common Shares which should be carefully considered before making an investment decision. See "*Risk Factors*" for further details.

Summary of Financial Information

Kings Entertainment

The following table sets forth the selected financial information for the period from incorporation on February 27, 2020 to March 31, 2021 and for the six months ended September 30, 2021, and has been derived from the Kings Entertainment Financial Statements, prepared in accordance with IFRS and attached as Schedule "A" to this Prospectus. The selected financial information should be read in conjunction with the Kings Entertainment MD&A and the Kings Entertainment Financial Statements contained elsewhere in this Prospectus.

	As at and for the six months ended September 30, 2021 (unaudited) (all figures in CAD$)	**As at March 31, 2021 (audited) (all figures in CAD$)**
Statement of Operations Data		
Total revenues	Nil	Nil
Total expenses	$194,463	$97,195
Net loss	($194,438)	($97,195)
Net loss per Common Share (basic and diluted)	($0.01)	($0.04)
Balance Sheet Data		
Current assets	$7,099,083	$368,672
Total assets	$7,099,083	$368,672
Current liabilities	$6,961,313	$340,080
Total liabilities	$6,961,313	$340,080
Shareholder's Equity	$137,770	$28,592

LottoKings Group

The following table sets forth the selected financial information for the years ended December 21, 2020 and 2019 and for the nine months ended September 30, 2021, and has been derived from the LottoKings Group' Financial Statements, prepared in accordance with IFRS and attached as Schedule "C" to this Prospectus. The selected financial information should be read in conjunction with the LottoKings Group' Financial Statements and LottoKings Group' MD&A contained elsewhere in this Prospectus.

	As at and for the nine months ended September 30, 2021 (unaudited) (All figures in USD$)	**As at and for the year ended December 31, 2020 (audited) (All figures in USD$)**	**As at and for the year ended December 31, 2019 (audited) (All figures in USD$)**
Statement of Operations Data			
Total revenues	$4,531,430	$6,158,396	$8,431,002
Total expenses	$4,443,864	$5,082,102	$6,637,075
Income (loss) before foreign exchange gain and income taxes	$87,566	$1,076,294	$1,793,927
Net income (loss)	$338,195	$385,761	$1,821,182
Balance Sheet Data			
Current assets	$1,292,625	$1,581,663	$1,826,252
Total assets	$1,313,196	$1,602,307	$2,163,857
Current liabilities	$1,239,945	$1,201,181	$2,542,254
Total liabilities	$1,239,945	$1,201,181	$2,766,124
Shareholder's Equity (Deficiency)	$73,251	$401,126	($602,267)

Resulting Issuer

The following table contains certain unaudited pro forma consolidated financial information for the Company as at and for the period ended September 30, 2021 and gives effect to completion of the Acquisition as if it had occurred on September 30, 2021. This information should be read together with the Pro Forma Financial Statements of the Company, attached as Schedule "E".

	As at September 30, 2021 (unaudited) (all figures in CAD$)
Statement of Operations Data	
Total revenues	$5,668,366
Cost of Revenue	$2,500,543
Operating Expenses	$7,652,292
Net loss before interest income, foreign exchange, and listing fee	($4,484,469)
Net loss	($7,959,112)
Balance Sheet Data	

	As at September 30, 2021 (unaudited) (all figures in CAD$)
Current assets	$9,984,942
Total assets	$10,011,152
Current liabilities	$1,896,627
Total liabilities	$1,896,627
Shareholder's Equity (Deficiency)	$8,114,525

CORPORATE STRUCTURE

Name, Address and Incorporation

Kings Entertainment

Kings Entertainment was incorporated on February 27, 2020 under the BCBCA under the name "1242455 B.C. Ltd.". It changed its name to "Kings Entertainment Group Inc." on July 28, 2021.

The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

LottoKings Group

<u>Legacy Eight Curacao</u>

Legacy Eight Curacao was incorporated on February 26, 2016 under the laws of Curacao. Legacy Eight Curacao's head office is located at Landhuis Groot Kwartier, Groot Kwartierweg 12, Curacao. Legacy Eight Curacao has two wholly owned subsidiaries: (i) Bulleg Eight Limited, incorporated under the laws of Cyprus; and (ii) Legacy Eight Malta, incorporated under the laws of Malta.

<u>Azteca</u>

Azteca was incorporated on March 15, 2013 under the laws of Mexico. Azteca's head office is located at Suite 902, Homero 1804, Mexico City, Mexico, 11570.

<u>Phoenix</u>

Phoenix was incorporated on December 4, 2017 under the laws of England and Wales. Phoenix's head office is located at 27/28 Eastcastle Street, London, UK W1W 8DH. Phoenix has one wholly owned subsidiary named Litermi S.A., incorporated under the laws of Uruguay on September 7, 2017.

Acquisition of the LottoKings Group

Kings Entertainment entered into a Share Purchase Agreement dated February 24, 2021, as amended on November 22, 2021, with Legacy Eight, the sole shareholder of each of the LottoKings Group, pursuant to which Kings Entertainment agreed to acquire all of the issued and outstanding shares in the capital of each of the LottoKings Group in exchange for Common Shares (the "**Acquisition**").

Pursuant to the Acquisition, Kings Entertainment issued 30,000,000 Common Shares at a deemed price of $0.50 per Common Share (the "**Payment Shares**") to Legacy Eight. The Payment Shares are subject to the following restrictions on sale: (i) fifteen percent (15%) to be free trading at the time of Listing; and (ii) eight and a half percent (8.5%) to be free trading every thirty (30) days thereafter until all such Payment Shares are free trading. See "*Escrowed Securities and Resale Restrictions*".

The Acquisition closed on December 30, 2021 (the "**Closing Date**"). Closing of the Acquisition was subject to a number of conditions and approvals, including, but not limited to the following:

(a) no governmental authority having enacted, issued, promulgated, enforced or entered any governmental order which has the effect of making the transactions contemplated in the Share Purchase Agreement illegal, or otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated thereunder to be rescinded following the completion thereof;

(b) subject to limited exceptions, the representations and warranties of Kings Entertainment and Legacy Eight set out in the Share Purchase Agreement, the other transaction documents and any certificate or other writing delivered pursuant to the Share Purchase Agreement being true and correct in all material respects (in the case of any representation or warranty qualified by materiality or material adverse effect qualifier) or in all material respects (in the case of any representation or warranty not qualified by materiality or material adverse effect qualifier) as of the date of the Share Purchase Agreement and on and as of the Closing Date;

(c) no action shall have been commenced against Kings Entertainment, Legacy Eight, or the LottoKings Group that would prevent the closing of the Acquisition;

(d) the Subscription Receipt Financing shall have closed on or before the closing of the Acquisition and post-closing of the Subscription Receipt Financing (and subsequent to the conversion of the Special Warrants) Kings Entertainment shall have a sufficient number of shareholders each holding a sufficient number of Common Shares to satisfy distribution requirements of the CSE;

(e) the Payment Shares will have been approved by issuance by the directors of Kings Entertainment and the Payment Shares, when issued: (i) will be issued as fully-paid and non-assessable shares in the capital of Kings Entertainment, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature; and (ii) will represent not less than 50% of the issued and outstanding Common Shares (on a fully-diluted basis, excluding the Common Shares issued upon the automatic conversion of the Special Warrants on August 16, 2021);

(f) Kings Entertainment shall have received the conditional approval of the CSE for the Acquisition and the listing of the Common Shares on the CSE; and

(g) all required approvals, consents and waivers having been received.

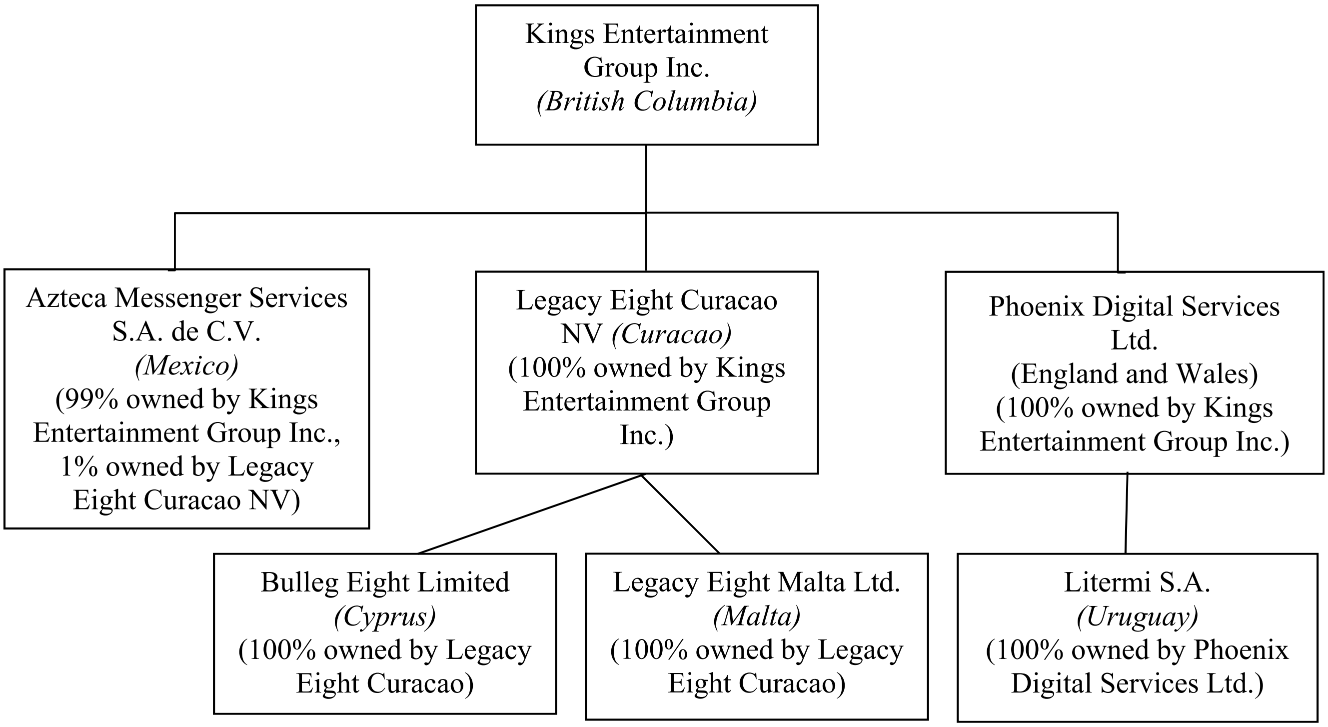
Following the satisfaction or waiver of the conditions set forth in the Share Purchase Agreement, the Acquisition was completed on the Closing Date. On the Closing Date, Kings Entertainment issued the Payment Shares to Legacy Eight and Legacy Eight transferred 100% of the issued and outstanding Legacy Eight Curacao Shares, 9,900 Azteca Shares, and beneficial ownership of the Phoenix Shares to Kings Entertainment.

As a result of the Acquisition, Legacy Eight Curacao, Azteca and Phoenix became wholly owned subsidiaries of the Resulting Issuer and the business of the LottoKings Group became the business of the Resulting Issuer. Legacy Eight, as the former primary shareholder of the LottoKings Group, owns approximately 5.27% of the issued and outstanding Common Shares following completion of the Acquisition. Subsequent to the Acquisition Legacy Eight Curacao is expected to continue owning and operating the Websites.

Following the Acquisition, the Resulting Issuer's head office and its registered and records office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

Intercorporate Relationships

Before completion of the Acquisition, the Company did not have any inter-corporate relationships. The following diagram summarizes the structure of the entities following completion of the Acquisition.



HISTORY OF THE BUSINESS

Kings Entertainment

The Company has no active business and was incorporated on February 27, 2020 under the BCBCA for purpose of undergoing a transaction to become a reporting issuer and to list on a Canadian stock exchange. See "*Description of the Business*".

Financings

On February 27, 2020, Kings Entertainment completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.

On March 12, 2020, Kings Entertainment completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.

On September 22, 2020, Kings Entertainment completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.

On February 3, 2021, Kings Entertainment completed a non-brokered private placement, issuing 14,525,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $72,625.

On February 22, 2021, Kings Entertainment completed a non-brokered private placement, issuing 5,475,000 Common Shares at an issue price of $0.02 for aggregate gross proceeds of $109,500.

On April 15, 2021, Kings Entertainment completed the Special Warrant Financing, issuing 374,500 Special Warrants at an issue price of $0.05 per Special Warrant for aggregate gross proceeds of $18,725. The Special Warrants were converted into Common Shares in accordance with their terms on August 16, 2021.

Kings Entertainment completed the Subscription Receipt Financing in two tranches, as follows:

- on May 7, 2021, Kings Entertainment issued 13,289,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $6,644,500; and
- on November 4, 2021, Kings Entertainment issued 4,500,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $2,250,000.

Each Subscription Receipt entitles the holder to receive, without additional consideration or taking further action, one Subscription Receipt Share upon satisfaction of the Escrow Release Conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares in Canada, and (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange as approved by the Company and the Agent.

The Subscription Receipt Financing was conducted pursuant to the Agency Agreement entered into with the Agents. Pursuant to the Agency Agreement, Kings Entertainment paid the Agents a cash commission of $533,940 and granted the Agents an aggregate of 1,067,880 Agent's Compensation Options. Each Agent's Compensation Option is exercisable into one Common Share at an exercise price of $0.50 at any time up to 24 months following the satisfaction of the Escrow Release Conditions. In accordance with the Agency Agreement, Kings Entertainment also reimbursed the Agents $107,889.45, representing the expenses of the Agents related to the Subscription Receipt Financing, including but not limited to fees and disbursements of legal counsel, due diligence expenses, and expenses related to marketing road shows. In addition, upon satisfaction of the Escrow Release Conditions, Kings Entertainment will pay the Lead Agent a work fee of $25,000 plus GST.

The Escrowed Funds from the Subscription Receipt Financing have been deposited with the Subscription Receipt Agent, releasable to Kings Entertainment upon the satisfaction of the Escrow Release Conditions. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the Subscription Receipts will be null and void and of no further effect and the Escrowed Funds will be returned to the holders of Subscription Receipts in an amount equal to (i) the aggregate subscription price of the Subscription Receipt held by such holder, and (ii) their *pro rata* portion of any interest earned thereon.

LottoKings Group

<u>Legacy Eight Curacao</u>

Legacy Eight Curacao was incorporated on February 26, 2016, under the laws of Curacao. Legacy Eight Curacao holds a valid gaming license under the laws of Curacao and has been offering its services since that time through various branded websites including www.wintrillions.com, www.trillionaire.com and www.lottokings.com.

Since 2016, Legacy Eight Curacao has consistently expanded and improved its product offering in order to broaden its user base and respond to shifts in market tastes. In February 2018 Legacy Eight Curacao began operating through an insurance model. This allowed Legacy Eight Curacao to obtain insurance in the event of player wins, and allowed it to expand its model to other official lottery draws.

In the past two years Legacy Eight Curacao has expanded its product offering by offering casino-style games through its Websites. In October 2019, Legacy Eight Curacao began offering casino style games to Red Tiger Gaming, one of the leading online purveyors of such products. In September 2020 Legacy Eight Curacao further expanded its product offering by offering live-dealer casino games to its customers.

In September 2020, Legacy Eight Curacao also began offering sportsbook services to its users through a white-label agreement with one of the world's leading sports betting services providers. Such sportsbook services are currently being provided on a small scale as Legacy Eight Curacao considers further expansion in this area.

In January 2021, Legacy Eight Curacao launched upgraded versions of the www.wintrillions.com and www.trillionario.com websites. These upgrades substantially overhauled the look and feel and functionality of the Websites with the aim of increasing user conversion rates for first-time visitors and engagement for existing users. Legacy Eight Curacao is in the process of making similar upgrades to the www.lottokings.com website, with such upgrades expected to be completed by the end of August 2021.

Legacy Eight Curacao also continues to evolve is marketing strategy and seek new marketing channels and opportunities. Notably, in January 2021, Legacy Eight Curacao engaged in a marketing campaign with Thalia, one of Mexico's best-known singers, with 17.5 million Instagram followers.

In February 2021, Legacy Eight Curacao launched its "Boosted Jackpot" program, which allows users to boost the potential value of the jackpots of certain lotteries they enter, further increasing the attractiveness of Legacy Eight Curacao's product offering.

Legacy Eight Curacao continues to assess potential additions to its product offering, as well as upgrade the products and services it offers with the aim of improving the customer experience for its users and differentiating itself from its competitors.

Phoenix and Azteca

Phoenix Digital Services Ltd. was incorporated on December 4, 2017, under the laws of England and Wales. Azteca Messenger Services S.A. was incorporated on March 15, 2013, under the laws of Mexico. Since their incorporation both companies been primarily engaged in providing consulting and other support services to support the operations of Legacy Eight Curacao.

DESCRIPTION OF THE BUSINESS

General

Before the acquisition of the LottoKings Group, the Company had no active business. Accordingly, the business discussion set forth below relates to the business of the LottoKings Group, which, following closing of the Acquisition, became the business of the Company.

Principal Products and Services

Legacy Eight is a business to consumer service provider that allows users to participate in lotteries and casino-style online games throughout the world all from the comfort of their own homes with a simple login and access. Legacy Eight offers an easy transition from lottery to casino gambling that attracts players to easily participate in both game types. Players are of age or majority, and are monitored for problem gambling issues according to requirements under the Curacao Gaming License. Legacy Eight operates through multiple established brands and websites, which include www.wintrillions.com, www.trillionaire.com and www.lottokings.com (the "**Brands**").

The Brand sites are a destination for users to participate in lottery jackpots operated by fully regulated and legal lotteries across the world. Users may directly participate in lotteries or purchase shares in a pool of lottery plays by joining lottery teams or syndicates. Users may also utilize lottery subscriptions to participate in every draw of a specific lottery without the stress or worry of ever missing another draw.

In addition to the lottery services, Legacy Eight offers a connected experience that enables users to play and switch with ease between scratch cards and casino games. Legacy Eight's software technology provides casino games within a user's own web browser, without the need for any download. Users may easily access and enjoy a variety of different casino-style games. The games have several variations with minimum and maximum betting ranges, with winnings automatically credited to a user's account.

Users may access the websites operated by Legacy Eight and used for the purposes of the LottoKings Group's business (the "**Websites**") and create an account through functionality provided through the Websites. The domains for Websites are owned by Legacy Eight Curacao or other members of the LottoKings Group. Users fund their accounts, make deposits and withdraw their winning through functionality provided through the Websites. Legacy Eight contracts with a number of payment processing service providers to facilitate deposits by clients and withdrawals of funds. Legacy Eight has agreements in place with multiple payment processing service providers, including a payment processing and marketing arrangement (the "**WestOcean Arrangement**") with WestOcean S.A. ("**WestOcean**"), an entity formerly under common control with Legacy Eight Curacao. Given the common control relationship, WestOcean did not charge consideration for its payment processing and marketing services during the fiscal year ended December 31, 2020. No services have been provided pursuant to the WestOcean Arrangement since August 2020 and since such time Phoenix and Litermi, a wholly-owned subsidiary of Phoenix, have provided the services previously provided by WestOcean. Phoenix and Litermi have provided such services, and intend to continue to provide such services, for no consideration. Legacy Eight does not have any written agreements in place with either Phoenix or Litermi with respect to the provision of these services.

For the year 2021, one payment service provider accounted for over 50% of the transactions processed by Legacy Eight. For the year of 2020, this same payment services provider accounted for over 40% of the transactions processed by Legacy Eight. No other payment service provider has accounted for more than 30% of Legacy Eight's transaction volume since January 1, 2020.

Intercompany Accounts and Offsets

Since 2017, Uruguayan banking regulations in respect of businesses related to (or receiving funds from entities related to) gaming have hindered WestOcean's ability to receive and disburse funds. As a result, over this period, the LottoKings Group, WestOcean and a number of entities under common control with such companies relied on a series of intercompany payments to ensure that payments due to WestOcean and due from WestOcean in connection with the WestOcean Arrangement were made in an efficient and timely manner.

Over the same period, a number of smaller intercompany payments were also made between members of the LottoKings Group and other entities under common control with the LottoKings Group. These payments were made where one entity within the common control group could satisfy the payable of another group member more efficiently due to: (i) the paying entity having easier access to the requisite amount of funds than the entity owing the payable; (ii) the paying entity having easier access to funds in the requisite currency than the entity owing the payable; and (iii) the receiving entity being able to more cost effectively and rapidly receive funds from the paying entity than the entity owing the payable, including as a result of the location and governing jurisdiction of the paying entity.

On December 2, 2021, in anticipation of the closing of the Share Purchase Agreement and the consequence that the LottoKings Group will no longer be under common control with a number of entities to which it owes funds or from which it is owed funds, Legacy Eight Curacao, Phoenix, Azteca and WestOcean, Legacy Eight Malta, Legacy Eight Group Ltd. ("**Legacy Eight Canada**"), Ledonford Limited and R. S. Real World Services Limited (all of which are currently under common control) entered into a debt acknowledgment and offset agreement (the "**Debt Offset Agreement**") that provides for the parties' right, effective as of April 7, 2017, to document their ability to offset their intercompany balances under the terms and conditions set forth in the Debt Offset Agreement. Pursuant to offsets carried out in accordance with the Debt Offset Agreement, substantially all intercompany balances within this group of companies, including amounts due from and to WestOcean, have been offset against each other and satisfied.

The Resulting Issuer does not anticipate relying on intercompany transfers and payables to satisfy payments owing by or to members of the LottoKings Group, given that such entities currently operate in gaming-friendly jurisdictions with banking systems that support their activities. To the extent that intercompany transfers or payments made on behalf of entities under the Resulting Issuer's common control are required to ensure smooth operation of the Resulting Issuer's business, such transfers will be properly documented and appropriately reflected in the Resulting Issuer's financial statements and continuous disclosure filings. Please see "*Risk Factors*" for further details.

Production and Sales

Legacy Eight's strategy includes promoting the Brand sites through a variety of international advertisers and through strategic business relationships with online gaming affiliates all in compliance with the Curacao Gaming License. While Legacy Eight has previously experimented with other forms of marketing, such as influencer marketing, currently Legacy Eight's marketing efforts are primarily focused on affiliate marketing.

Legacy Eight primarily targets websites that include content related to gaming or lotteries for its affiliate relationships, as the user base of these sites presents the largest overlap with Legacy Eight's user base. Legacy Eight's affiliate model pays affiliates a share of revenue obtained by Legacy Eight from clients referred by that affiliate. No payment is made to affiliates for clients that do not result in sales for Legacy Eight. This approach to affiliate marketing is common in the gaming industry, and will remain substantially the same following completion of the Listing.

Marketing and Brand Strategies

Legacy Eight Curacao operates multiple business to consumer sites under brands including www.wintrillions.com, www.lottokings.com, and www.trillionario.com. Some of these websites, which are owned directly by Legacy Eight Curacao, such as www.wintrillions.com and www.trillionario.com have been operating for close to a decade and have built up considerable brand loyalty, especially in the Latin America, which represents a large portion of the Legacy Eight Curacao's business. Legacy Eight Curacao's current marketing strategy is focused on affiliate marketing, through a series of contract with third-party affiliate providers that drive traffic to the websites.

There are plans to expand Legacy Eight's marketing efforts, including by creating a series of 'satellite sites' in Latin American jurisdictions which will assist with Legacy Eight's SEO efforts, and engaging in a paid marketing campaign on Facebook and Instagram promoting Legacy Eight's "Lotto Hub" app. These plans are further detailed under the heading "Use of Available Funds" of this Prospectus.

Competitive Conditions

The industries in which the Resulting Issuer will operate are highly competitive, constantly evolving and subject to regulatory and rapid technological change. Online gambling is an established industry and competition exists in all aspects of its business. The Resulting Issuer will compete for customers against other online, and in-person gaming and interactive entertainment developers and operators on the basis of many factors, including, without limitation, the quality of the customer experience, brand awareness, reputation, security, integrity and access to other distribution channels. Although the Resulting Issuer has an established brand and customer base that it believe allows it to compete favorably, competitors could develop more compelling content and offerings, which could adversely affect the Resulting Issuer's ability to attract and retain customers.

Certain other businesses offer similar services, particularly in Europe, which has several large online lottery service providers such as Lottoland and the Lotter. Barriers to entry for any potential competitors include: (i) the cost and time of researching and constructing a legally compliant business model; (ii) coding and building a secure web platform; (iii) sourcing and integrating all associated vendor-provided integrations; (iv) the development of ticket procurement technology and a vendor network required for lottery tickets; and (v) the development of an established reputation and a proven track record of successful operations and stability.

The Resulting Issuer has identified the following companies as its primary competitors:

Competitor	Category/Size	Description of Business	Operations Location
LottoLand	Private	Lottery betting, bingo, scratch cards, casino, sportsbook, private company.	Gibraltar
The Lotter	Private	Lottery betting and ticket reseller. Brand belongs to a private company, Lotto Direct Limited	Malta
Lottery.com	Private	Reseller of U.S. State lottery tickets, no other products	Austin, Texas, USA
Lottogo	Private	Lottery betting, syndicates, scratch cards, bingo, casino. Brand operated by private company Annexio Group	Isle of Man, UK

Employees, Specialized Skill and Knowledge

The design, development and distribution of online lotteries and casino-style games requires specialized skills and knowledge. The LottoKings Group' management team has considerable specialized skill, knowledge and experience in the online gaming industry. As at December 31, 2020, the LottoKings Group had, in the aggregate, 38 employees and an additional 13 short-term contractors.

Intellectual Property

The development, licensing, and protection of intellectual property is a core part of the Company's business strategy and is a key element to its success. The current intellectual property rights currently provide broad and comprehensive coverage and access for our products and services. The Company's business practices protect our intellectual property rights in our core business through non-disclosure and confidentiality policies and provisions and the use of appropriate intellectual property ownership and assignment provisions and restrictive covenant agreements with, among others, our employees, contractors, consultants, manufacturers, suppliers, customers and stakeholders. The Company actively seeks to protect and enforce its intellectual property rights to prevent unauthorized use by third parties, including through applications for injunctive relief and litigation, as necessary.

Foreign Operations

Legacy Eight Curacao provides an online platform that is accessible from many different parts of the world. The Websites allow lottery tickets to be purchased from multiple different lottery companies and government lottery providers in Europe, Australia and Latin America. Legacy Eight Curacao owns the majority of the domains for the Websites whereas Azteca and Phoenix provide payment processing and back-office support functions to Legacy Eight Curacao, while also holding certain domains directly.

Currently, the majority of the Legacy Eight Curacao's users are located in Latin America, and its operations and marketing efforts are aimed primarily at this market.

Future Developments

In the following twelve (12) months the Resulting Issuer plans to make significant developments to its business, including upgrading the front-end and/or back-end of its various Websites, resulting in a more seamless user experience. The Resulting Issuer will also launching a native mobile app, as well as engaging in a paid marketing campaign related to the same with the aim of increasing the Resulting Issuer's user base. The Resulting Issuer will also expand its product offering by offering users access to additional lottery games, with the aim of increasing the competitiveness of the Resulting Issuer's products in the marketplace. Finally, the Resulting Issuer will engage in an acquisition strategy focused on acquiring business and technologies that will complement the Resulting Issuer's business. Further details on the Resulting Issuer's future development plans may be found under the heading "Use of Available Funds" of this Prospectus.

Impact of COVID-19

The Company and the LottoKings Group have remained fully operational during the COVID-19 pandemic. The only significant shift has been that certain employees of the Company and LottoKings Group commenced working remotely. We continue to monitor the rapidly evolving pandemic

Regulatory Framework

Legacy Eight Curacao

Legacy Eight Curacao holds a valid Curacao Gaming License, which allows it to provide online gaming products and services, including its gaming platform, from its home jurisdiction. The Curacao Gaming License restricts the markets from which Legacy Eight Curacao's Websites may be accessed for real money play and Legacy Eight Curacao does not provide access to the Websites in those jurisdictions, as well as certain other jurisdictions where local legislation does not permit the offering of such services. For example, Legacy Eight Curacao does not allow players that are resident in a number of countries, including Canada and the United States, to purchase any gaming, betting or lottery services or products through its Websites. Legacy Eight Curacao also works with legal counsel to ensure compliance with the local laws of the jurisdictions in which the Websites can be accessed.

Legacy Eight Curacao has an ongoing engagement with legal counsel to advise on applicable gaming and betting laws in the jurisdictions in which it operates from time to time and Legacy Eight Curacao is kept regularly informed by the master license holder under which the Curacao Gaming License has been issued as to changes to the license terms, if any. Legacy Eight Curacao regularly updates the jurisdictions in which its products and services are offered as a result of such advice.

The lotteries in which Legacy Eight Curacao permits its users to participate through its online platform are operated in full legal compliance with the laws of their home jurisdiction, and in many cases operated by a government entity.

Azteca

Azteca does not provide gaming, betting or lottery products or services and does not require any gaming licenses or registration in order to engage in the business operations it currently engages in.

Phoenix

Phoenix does not provide gaming, betting or lottery products or services and does not require any gaming licenses or registration in order to engage in the business operations it currently engages in.

USE OF AVAILABLE FUNDS

No Proceeds Raised

No proceeds will be raised pursuant to this Prospectus.

Funds Available

The gross proceeds paid to the Company from the sale of the Subscription Receipts pursuant to the Subscription Receipt Financing was $8,894,500 (or approximately USD$6,940,378[2]). As at November 30, 2021, the Resulting Issuer had working capital of USD$158,241 on a pro forma basis, after giving effect to the Acquisition.

The Resulting Issuer has used, or intends to use, the net proceeds of the Subscription Receipt Financing and its other available funds as follows:

Item	
Funds Available	
Cash of the Resulting Issuer as at November 30, 2021	USD$158,241
Net funds raised pursuant to the Subscription Receipt Financing(1)	USD$6,439,559
Total Available Funds	**USD$6,597,800**
Principal Purposes for the Available Funds	
Launch Native Mobile App	USD$50,000
Build B2B technical capability into platform	USD$250,000
Upgrade Resulting Issuer's "back end" functionality	USD$250,000
Acquire three (3) licenses in new jurisdictions	USD$450,000
Create 'satellite sites' and upgrade SEO	USD$350,000
Advertising campaign based on LottoHub app(2)	USD$800,000
Acquire complementary businesses and properties(3)	USD$2,500,000
General and Administrative Expenses(4)	USD$1,055,000
Unallocated working capital	USD$892,800
Total	**USD$6,597,800**

Notes:

1. The net funds raised pursuant to the Subscription Receipt Financing are held in escrow with the Subscription Receipt Agent and will only be released upon satisfaction of waiver of the Escrow Release Conditions.
2. The Resulting Issuer currently does not have any agreements with potential vendors. The Resulting Issuer will update its public disclosure with details of any material agreement with vendors, if and when applicable.

[2] *Ibid*.

3. The Resulting Issuer currently does not have any proposed acquisitions. The Resulting Issuer will update its public disclosure with details of any proposed acquisitions, if and when applicable.
4. Consisting of: accounting and audit fees (USD$80,000); general marketing fees (USD$50,000); legal fees (USD$120,000); consulting fees and employee salaries (USD$600,000); offices, rent and other (USD$50,000); regulatory and filing fees (USD$100,000); and travel (USD$55,000).

The Company has a negative operating cash flow for the six months ended June 30, 2021. However, the Company anticipates that it will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months following the Listing.

Unallocated funds are intended to be for contingency purposes. Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

Business Objectives and Milestones

The Resulting Issuer's primary business objectives and milestones for the 12 months following Listing are as follows:

	Objectives	**Timeline**	**Expected Cost**
1.	Launch native mobile app	Expected completion January 2022	USD$50,000
2.	Build B2B technical capability into platform	Ongoing	USD$250,000
3.	Expand Resulting Issuer's lottery games offering	Ongoing	Nil (to be performed by existing staff)
4.	Upgrade Resulting Issuer's "back end" functionality	Expected completion: June 2022	USD$250,000
5.	Create 'satellite sites' and upgrade SEO	First sites expected by Spring 2022, with program to expand based on results.	USD$350,000
6.	Acquire three (3) licenses in new jurisdictions	Expected completion November 2022	USD$450,000
7.	Advertising campaign based on LottoHub app	LottoHub app to be launched by January or February 2022 with marketing campaign to commence in the following months	USD$850,000
8.	Acquire complementary businesses and properties	Ongoing	USD$2,500,000

Business Objective #1 – Launch native mobile apps

The Resulting Issuer will launch mobile apps on both the iOS and Android operating systems. The app will provide users to access functionality comparable to the Resulting Issuer's desktop sites in a native mobile format, including allowing users to check results from draws and set alerts for jackpots meeting user-specified minimum thresholds. Multiple versions of the app may be launched, corresponding to different brands owned by the Resulting Issuer. These apps will result in a more seamless user experience for the Resulting Issuer's mobile users, and allow the Resulting Issuer to convert additional users to its platform through its presence on various app stores.

Business Objective #2 – Build B2B Technical Capability into Platform

The Resulting Issuer will develop, modernize and scale a proprietary platform that can be offered to customers as a "business to business" (B2B) (rather than the "business to consumer" (B2C) service currently offered). Such a platform could be offered as a software-as-a-service to would-be operators, who may use the platform to create their own B2C brands. Build out of a B2B platform my require creating a better functioning database component and suitable reporting capabilities.

Business Objective #3 – Expand Resulting Issuer's lottery games offering

The Resulting Issuer will increase the variety of lottery games available through its platform. This will increase user choice and make the Resulting Issuer's offering more competitive in the marketplace. It will also provide a boost to the Resulting Issuer's user acquisition efforts by allowing the Resulting Issuer to reach a previously untapped pool of users who may be aware of the new lottery games the Resulting Issuer plans to offer, but may not have otherwise been aware of the Resulting Issuer's sites or services.

Business Objective #4 – Upgrade Resulting Issuer's "back end" functionality

The Resulting Issuer will make upgrades to its "back end" systems – the internal systems underlying the Resulting Issuer's various Websites. This will improve the user experience for visitors of the Websites by increasing their responsiveness and allowing Resulting Issuer staff to address user concerns more effectively. It will also allow the Resulting Issuer to scale its operations more effectively by allowing its systems to on-board and support higher numbers of users. Additionally, the upgrades will increase the ease through which the Resulting Issuer may comply with the requirements of various gaming licenses from jurisdictions other than Curacao, allowing it to expand its offering to such jurisdictions more easily if it chooses to do so in the future.

Business Objective #5 – Create 'satellite sites' and upgrade SEO efforts

The Resulting Issuer will create 'satellite sites' advertising its services in various Latin American jurisdictions. These sites will contain SEO-optimized content related to lottery jackpots and other associated matters, and will attempt to steer users to the main Websites through which the Resulting Issuer offers its products and services. The Resulting Issuer will begin this strategy by creating a few websites in certain targeted jurisdictions and monitoring the results. Subsequently, the Resulting Issuer plans to expand its offering throughout Latin America depending on the success of the targeted websites. In conjunction with this effort, the Resulting Issuer will employ a SEO consultant tasked with overhauling the Resulting Issuer's SEO efforts including improving its organic search engine optimization activities.

Business Objective #6 – Acquire Three (3) Licenses in New Jurisdictions

B2C licenses in certain jurisdictions cannot be applied for and, rather, must be acquired from existing operators. The Resulting Issuer intends to acquire up to three (3) new B2C licenses in new jurisdictions. The expected acquisition cost of USD$150,000 per license is expected to include the cost of the license and the legal cost of acquiring same.

Business Objective #7 – Advertising campaign based on LottoHub app

The Resulting Issuer will develop a native app focusing on general lottery content under the name "LottoHub." The app will contain general information on various lotteries, including jackpots, drawing dates, and costs to enter. The app will be designed in a manner aimed at converting users who initially use the app as a free lottery information resource into paying customers on the Resulting Issuer's other properties.

The LottoHub app will not allow users to purchase lottery tickets directly. This will allow the app to be marketed through various platforms that restrict direct advertising of gambling services, such as Facebook and Instagram. The Resulting Issuer will then engage in a paid advertising campaign on these platforms, with the aim of increasing its user base and converting users to its other properties. The Resulting Issuer intends to commence by spending approximately $250,000 across various platforms to test the effectiveness of this approach, then expand its campaign significantly depending on the results of such campaigns, including their effect on key performance indicators such as its Paying Customer Acquisition Costs and Daily and Monthly Active Users across its platforms.

Business Objective #8 – Acquire complementary businesses and properties

The Resulting Issuer intends to engage in an acquisition strategy focused on acquiring business and technologies that will complement the Resulting Issuer's business. In particular, the Resulting Issuer will target other business engaged in substantially the same business as the Resulting Issuer, with an established brand name and customer base, whose operations may be easily integrated with those of the Resulting Issuer. The Resulting Issuer will also seek out assets that may assist its marketing strategy, including existing apps or media platforms with a connection to lotteries and an established user base that may be re-purposed to direct users to the Resulting Issuer's platforms.

DIVIDENDS OR DISTRIBUTIONS

The Company has not declared or paid any dividends on the Common Shares.

There are no restrictions in the Company's articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Company's shares will be entitled to an equal share in any dividends declared and paid. It is anticipated that all available funds will be invested to finance the growth of the Company's business and accordingly it is not contemplated that any dividends will be paid on the Company's shares in the immediate or foreseeable future. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information

Kings Entertainment

The following table sets forth the selected financial information for the period from incorporation on February 27, 2020 to March 31, 2021 and for the six months ended September 30, 2021, and has been derived from the Kings Entertainment Financial Statements, prepared in accordance with IFRS and attached as Schedule "A" to this Prospectus. The selected financial information should be read in conjunction with the Kings Entertainment MD&A and the Kings Entertainment Financial Statements contained elsewhere in this Prospectus.

	As at and for the six months ended September 30, 2021 (unaudited) (all figures in CAD$)	As at March 31, 2021 (audited) (all figures in CAD$)
Statement of Operations Data		
Total revenues	Nil	Nil
Total expenses	$194,463	$97,195
Net loss	($194,438)	($97,195)
Net loss per Common Share (basic and diluted)	($0.01)	($0.04)
Balance Sheet Data		
Current assets	$7,099,083	$368,672
Total assets	$7,099,083	$368,672
Current liabilities	$6,961,313	$340,080
Total liabilities	$6,961,313	$340,080
Shareholder's Equity	$137,770	$28,592

LottoKings Group

The following table sets forth the selected financial information for the years ended December 31, 2020 and 2019 and for the nine months ended September 30, 2021, and has been derived from the LottoKings Group' Financial Statements, prepared in accordance with IFRS and attached as Schedule "C" to this Prospectus. The selected financial information should be read in conjunction with the LottoKings Group' Financial Statements and LottoKings Group' MD&A contained elsewhere in this Prospectus.

	As at and for the nine months ended September 30, 2021 (unaudited) (All figures in USD$)	As at and for the year ended December 31, 2020 (audited) (All figures in USD$)	As at and for the year ended December 31, 2019 (audited) (All figures in USD$)
Statement of Operations Data			
Total revenues	$4,531,430	$6,158,396	$8,431,002
Total expenses	$4,443,864	$5,082,102	$6,637,075
Income (loss) before foreign exchange gain and income taxes	$87,566	$1,076,294	$1,793,927
Net income (loss)	$338,195	$385,761	$1,821,182
Balance Sheet Data			
Current assets	$1,292,625	$1,581,663	$1,826,252
Total assets	$1,313,196	$1,602,307	$2,163,857
Current liabilities	$1,239,945	$1,201,181	$2,542,254

	As at and for the nine months ended September 30, 2021 (unaudited) (All figures in USD$)	As at and for the year ended December 31, 2020 (audited) (All figures in USD$)	As at and for the year ended December 31, 2019 (audited) (All figures in USD$)
Total liabilities	$1,239,945	$1,201,181	$2,766,124
Shareholder's Equity (Deficiency)	$73,251	$401,126	($602,267)

The Resulting Issuer

The following table contains certain unaudited pro forma consolidated financial information for the Company as at and for the period ended September 30, 2021 and gives effect to completion of the Acquisition as if it had occurred as of September 30, 2021. This information should be read together with the Pro Forma Financial Statements of the Company, attached as Schedule "E".

	As at September 30, 2021 (unaudited) (all figures in CAD$)
Statement of Operations Data	
Total revenues	$5,668,366
Cost of Revenue	$2,500,543
Operating Expenses	$7,652,292
Net loss before interest income, foreign exchange, and listing fee	($4,484,469)
Net loss	($7,959,112)
Balance Sheet Data	
Current assets	$9,984,942
Total assets	$10,011,152
Current liabilities	$1,896,627
Total liabilities	$1,896,627
Shareholder's Equity (Deficiency)	$8,114,525

Management's Discussion and Analysis

Kings Entertainment

The Kings Entertainment MD&A is attached to this Prospectus as Schedule "B". The Kings Entertainment MD&A provides an analysis of Kings Entertainment's financial results for the period from incorporation on February 27, 2020 to March 31, 2021 and for the six months ended September 30, 2021, which should be read in conjunction with the Kings Entertainment Financial Statements and the notes thereto respectively.

Certain information included in the Kings Entertainment MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Note Regarding Forward Looking Information*" for further details.

LottoKings Group

The LottoKings Group' MD&A is attached to this Prospectus as **Schedule "D"**. The LottoKings Group' MD&A provides an analysis of LottoKings Group' financial results for the years ended December 31, 2020 and 2019 and for the nine months ended September 30, 2021, which should be read in conjunction with the LottoKings Group' Financial Statements and the notes thereto respectively.

Certain information included in the LottoKings Group' MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Note Regarding Forward Looking Information*" for further details.

DESCRIPTION OF SECURITIES DISTRIBUTED

Kings Entertainment

The authorized capital of Kings Entertainment consists of an unlimited number of Common Shares without par value. As of the date hereof, there are 68,463,500 Common Shares issued and outstanding.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Common Share at the meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. All Common Shares are fully paid and non-assessable.

LottoKings Group

Legacy Eight Curacao

The authorized capital of Legacy Eight Curacao consists of an unlimited number of common shares without par value ("**Legacy Eight Curacao Shares**"). As of the date hereof, there are 21 Legacy Eight Curacao Shares issued and outstanding. All of the Legacy Eight Curacao Shares were previously held by Legacy Eight but were transferred to the Resulting Issuer following completion of the Acquisition.

Azteca

The authorized capital of Azteca consists of an unlimited number of common shares without par value ("**Azteca Shares**"). As of the date hereof, there are 10,000 Azteca Shares issued and outstanding. 9,900 Azteca Shares were previously held by Legacy Eight, which were transferred to the Resulting Issuer following completion of the Acquisition, while 100 Azteca Shares continue to be held by Legacy Eight Curacao to satisfy local corporate legal requirements which require a company have more than one shareholder.

Phoenix

The authorized capital of Phoenix consists of an unlimited number of common shares without par value ("**Phoenix Shares**"). As of the date hereof, there are two Phoenix Shares issued and outstanding. Legal title to the Phoenix Shares are held by a manager of the LottoKings Group, while beneficial title to the Phoenix Shares, following completion of the Acquisition, are held by the Resulting Issuer.

Resulting Issuer

Following the completion of the Acquisition, the Resulting Issuer has the same share capital structure as Kings Entertainment (see above "*Description of the Business*").

CONSOLIDATED CAPITALIZATION

The following table sets forth the Resulting Issuer's capitalization after giving effect to the exercise of the Subscription Receipts and the Acquisition.

This table should be read in conjunction with the financial statements and notes thereto elsewhere included in this Prospectus.

Description of Security	Amount Authorized	Outstanding as at March 31, 2021 (audited)	Outstanding as at the date of this Prospectus	Outstanding as of the date of this Prospectus after giving effect to the Subscription Receipt Exercise
Common Shares	Unlimited	**20,300,000**	**50,674,500**	**68,463,500**

Fully Diluted Share Capital

The following table sets out the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the exercise of the Subscription Receipts and the Acquisition.

	Number of Securities as at the date of this Prospectus	% of total issued and outstanding
Common Shares outstanding at the date of this Prospectus	50,674,500	74.02%
Common Shares to be issued upon deemed exercise of Subscription Receipts	17,789,000	25.98%
Total Resulting Issuer Common Shares (non-diluted)	**68,463,500**	**100%**
Common Shares issuable upon exercise of Options to be issued on the Listing Date	9,150,000	11.63%(3)
Common Shares issuable upon exercise of Agent's Compensation Options(2)	1,067,880	1.36%(3)
Total Resulting Issuer Common Shares reserved for issuance	**10,217,880**	**13.0%(3)**
Fully Diluted Securities	**78,681,380**	

Notes

1. Each Subscription Receipt entitles the holder to receive, without additional consideration or taking further action, one Subscription Receipt Share upon satisfaction of the Escrow Release Conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares in Canada, and (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange as approved by the Company and the Agent.
2. Each Agent's Compensation Option is exercisable into one Common Share at any time up to 24 months following the satisfaction of the Escrow Release Conditions.

3. On a fully diluted basis.

OPTIONS TO PURCHASE SECURITIES

Kings Entertainment

Kings Entertainment currently does not have any options outstanding nor does it have an option plan.

LottoKings Group

The LottoKings Group does not have any options outstanding nor do they have an option plan.

Resulting Issuer

The Resulting Issuer intends to adopt a rolling stock option plan (the "**Option Plan**"), which provides for a total of 15% of the issued and outstanding Common Shares of the Resulting Issuer available for issuance thereunder.

The purpose of the Option Plan is to provide the Resulting Issuer with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants to contribute towards the long term goals of the Resulting Issuer. The granting of such Options is intended to align the interests of such persons with that of the Resulting Issuer's shareholders.

The following table discloses all Options the Resulting Issuer expects to grant on the Listing Date:

Optionee	Number of Stock Options	Exercise Price	Expiry Date
All executive officers and past executive officers as a group	1,825,000	$0.50	5 years from the Listing Date
All directors and past directors as a group	1,850,000 (inclusive of 1,325,000 options to executive officers who also serve as directors)	$0.50	5 years from the Listing Date
All employees and past employees as a group	Nil	N/A	N/A
All consultants and past consultants as a group	6,800,000	$0.50	5 years from the Listing Date

Terms of the Plan

The full text of the Option Plan will be available upon written request made directly to the Resulting Issuer at its registered head office located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Attention: Chief Financial Officer.

Administration

The Option Plan shall be administered by the Board, a special committee of the Board (the "**Committee**") or by an administrator appointed by the Board or the Committee (the "**Administrator**") either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Resulting Issuer, as the Board, the Committee or the Administrator may from time to time designate.

Number of Common Shares Reserved

Subject to adjustment as provided for in the Option Plan, the aggregate number of Common Shares which will be available for purchase pursuant to Options granted under to the Option Plan will not exceed 15% of the number of Common Shares which are issued and outstanding on the particular date of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to the Option Plan.

Exercise Price

The exercise price at which an Option holder may purchase a Common Share upon the exercise of an Option shall be determined by the Board, the Committee or the Administrator, as applicable, and shall be set out in the Option certificate (an "**Option Certificate**") issued in respect of the Option. The exercise price shall not be less than the price determined in accordance with CSE policies while, and if, the Company's Common Shares are listed on the CSE.

Maximum Term of Options

The term of any Option granted under the Option Plan (the "**Term**") shall be determined by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted but, subject to earlier termination in the event of termination, or in the event of death or disability of the Option holder. In the event of death or disability, the Option shall expire on the earlier of the date which is one year following the date of disability or death and the applicable expiry date of the Option. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Option Plan does not establish a maximum term for Options granted under the Option Plan.

Termination

Subject to such other terms or conditions that may be attached to Options granted under the Option Plan, an Option holder may exercise a Option in whole or in part at any time and from time to time during the Term. Any Option or part thereof not exercised within the Term shall terminate and become null, void and of no effect as of the date of expiry of the Option. The expiry date of an Option shall be the date so fixed by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted as set out in the Option Certificate or, if no such date is set out in for the Option Certificate the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or in the event of death or disability (as discussed above under "*Maximum Term of Options*") or in the event of certain triggering events occurring, as provided for under the Option Plan:

(a) *Ceasing to Hold Office* – In the event that the Option holder holds his or her Option as an executive and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 30th day following the date the Option holder ceases to hold such position unless the Option holder ceases to hold such position as a result of:

(i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Resulting Issuer;

(ii) a special resolution having been passed by the shareholders of the Resulting Issuer removing the Option holder as a director of the Resulting Issuer or any subsidiary; or

(iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position; or

(b) *Ceasing to be Employed or Engaged* - In the event that the Option holder holds his or her Option as an employee or consultant and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 30th day following the date the Option holder ceases to hold such position, unless the Option holder ceases to hold such position as a result of:

(i) termination for cause;

(ii) resigning or terminating his or her position; or

(iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position.

In the event that the Option holder ceases to hold the position of executive, employee or consultant for which the Option was originally granted, but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option, the Committee, the Board or the Administrator, as applicable, may, in its sole discretion, choose to permit the Option to stay in place for that Option holder with such Option then to be treated as being held by that Option holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder. Notwithstanding anything else contained in the Option Plan, in no case will an Option be exercisable later than the expiry date of the Option.

PRIOR SALES

The following table summarizes the sale of securities of the Company in the 12 months prior to the date of this Prospectus.

Kings Entertainment

The following table summarizes the issuance of securities of Kings Entertainment in the 12 months prior to the date of this Prospectus:

Date	Number and Type of Securities	Issue or Exercise Price Per Security	Aggregate Issue or Exercise Price
February 27, 2020	100,001 Common Shares(1)	$0.005	$500
March 12, 2020	100,000 Common Shares	$0.005	$500

Date	Number and Type of Securities	Issue or Exercise Price Per Security	Aggregate Issue or Exercise Price
September 22, 2021	100,000 Common Shares	$0.005	$500
February 3, 2021	14,525,000 Common Shares	$0.005	$72,625
February 22, 2021	5,475,000 Common Shares	$0.02	$109,500
April 15, 2021	374,500 Special Warrants(2)	$0.05	$18,725
May 7, 2021	13,289,000 Subscription Receipts(3)	$0.50	$6,644,500
May 7, 2021	808,680 Agent's Compensation Options(4)	$0.50	$404,340
November 4, 2021	4,500,000 Subscription Receipts(3)	$0.50	$2,250,000
November 4, 2021	259,200 Agent's Compensation Options(4)	$0.50	$129,600

Notes

1. One incorporator's Common Share was repurchased by the Company.
2. The Special Warrants were converted into Common Shares in accordance with their terms on August 16, 2021.
3. Each Subscription Receipt entitles the holder to receive, without additional consideration or taking further action, one Subscription Receipt Share upon satisfaction of the Escrow Release Conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares in Canada, and (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange as approved by the Company and the Agent.
4. Each Agent's Compensation Option is exercisable into one Common Share at any time up to 24 months following the satisfaction of the Escrow Release Conditions.

LottoKings Group

Legacy Eight Curacao, Azteca, and Phoenix have not sold or issued any securities in the 12 months prior to the date of this Prospectus.

ESCROWED SECURITIES AND RESALE RESTRICTIONS

Escrow Agreements

Following completion of the Listing, 3,500,000 Common Shares and 1,250,000 Options are expected to be held in escrow (the "**Escrow Securities**").

The Escrow Securities are held in escrow pursuant to an escrow agreement entered into on closing of the Acquisition among the Resulting Issuer, the Transfer Agent and certain shareholders pursuant to which the Escrow Securities will be held in escrow (the "**Escrow Agreement**"). The Escrow Securities are held in escrow as required by CSE policy on completion of the listing of the Common Shares on the CSE.

The Escrow Securities are expected to be subject to the release schedule set out in the form of escrow required by Policy 2 – *Qualifications for Listing of the CSE*. Ten (10%) percent of the Escrow Securities are expected to be released upon the date of listing on the CSE and an additional 15% are expected to be released every 6 months thereafter until all Escrow Securities have been released (36 months following the date of listing on the CSE).

Name	Designation of class	Number of securities held in escrow	Percentage of class the date of this Prospectus	Percentage of class after giving effect to the Subscription Receipt Exercise
Steven Budin	Common Shares	3,500,000	6.91%	5.11%
Steven Budin	Options	1,250,000	13.66%	13.66%

Voluntary Resale Restrictions

In addition to the Escrow Shares, 50,300,000 Common Shares, comprised of the Payment Shares and the Common Shares issued and outstanding prior to the entering into of the Share Purchase Agreement, are subject to the following restrictions on sale:

- fifteen percent (15%) are to be free trading on Listing; and
- eight and a half percent (8.5%) will be free trading every thirty (30) days following Listing until all such Common Shares are free trading.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, no person directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares of the Resulting Issuer.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out the names, provinces or states of residence, age, positions, principal occupations, and the number and percentage of Common Shares that are beneficially owned or controlled by each of the Resulting Issuer's directors and executive officers.

Name, Age and City of Residence	Position(s)	Date Appointed	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares held as of the date of this Prospectus after giving effect to the Subscription Receipt Exercise	Number and Percentage of Options held as of the date of this Prospectus
Steve Budin (50) Miami, Florida	Chief Executive Officer and Director	July 27, 2021	Chief Executive Officer of Jace Inc. since January 2004; Chief Executive Officer of Stevo Design Inc. from May 2002 to May 2019	3,500,000 (5.11%)	1,250,000 (13.66%)

Name, Age and City of Residence	Position(s)	Date Appointed	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares held as of the date of this Prospectus after giving effect to the Subscription Receipt Exercise	Number and Percentage of Options held as of the date of this Prospectus
Damian Godwin (49) Herfordshire, United Kingdom	Chief Operating Officer	July 27, 2021	Chief Operating Officer of Phoenix Digital Services Ltd. since May 2018; Business Development Manager of Abacus Solutions International from September 2015 to May 2018	Nil	250,000 (2.73%)
James Dominique (31) La Línea De La Conception, Spain	Chief Marketing Officer	July 27, 2021	Chief Marketing Officer of Legacy Eight Curacao since December 2020; Senior Affiliate Manager of Legacy Eight Curacao from October 2018 to December 2020; Executive Affiliate Manager of JinniLotto from January 2018 to September 2018; Senior Affiliate Manager of LottoLand Ltd. from January 2015 to December 2017	Nil	250,000 (2.73%)
Kelvin Lee (43) Vancouver, British Columbia	Director, Chief Financial Officer and Corporate Secretary	July 27, 2021	Director of Finance at K2 Capital since November 2019; CFO of Monument Mining Limited from January 2018 to November 2019; VP of Finance and Administration of Monument Mining Limited from July 2013 to January 2018	2,000 (0.003%)	75,000 (0.82%)
Robin Godfrey[(1)] (48) Toronto, Ontario	Director (Chair of the Board)	July 27, 2021	President of Brown Lab Industries Inc. since January 2003 Director of Bragg Gaming Group Inc. since October 2019	Nil	125,000 (1.37%)

Name, Age and City of Residence	Position(s)	Date Appointed	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares held as of the date of this Prospectus after giving effect to the Subscription Receipt Exercise	Number and Percentage of Options held as of the date of this Prospectus
Anthony Zelen[(1)] (49) Lake Country, British Columbia	Director	July 27, 2021	President of Zelen Consulting Inc. since June 1997	40,000 (0.058%)	250,000 (2.73%)
Joseph Krutel (53) Miami, Florida	Director	July 27, 2021	TV and Film Producer of HBO Network from January 2014 to February 2020	Nil	75,000 (0.82%)
Laryssa Hetmanczuk[(1)] (38) Toronto, Ontario	Director	July 27, 2021	Owner of Walman Communicators since September 2017; Principal of GT&Co. since January 2021; Executive Director of Communications of Premier's Office (Government of Ontario) from June 2018 to February 2020; Executive Director, Strategic Engagement of Ontario Cannabis Store from May 2020 to December 2020; Lead, Government Relations and Policy of The Organ Project Foundation from October 2016 to September 2017	Nil	75,000 (0.82%)

Notes:
1. Denotes a member of the Audit Committee.

Directors and Officers – Biographies

The following biographies provide information in respect of the directors and officers of the Resulting Issuer.

Steven Budin (50) – Chief Executive Officer and Director

Steven Budin has over 25 years of experience in the online gaming industry. He most recently acted as the Chief Executive Officer of Pick-Nation.com, a pay-per-view sports analysis platform, for the past 15 years.

Mr. Budin is the Chief Executive Officer of the Resulting Issuer. Mr. Budin has not entered into a non-competition agreement with the Resulting Issuer. Mr. Budin is a full-time employee of the Resulting Issuer to effectively fulfill his duties as the Chief Executive Officer of the Resulting Issuer.

Damian Goodwin (49) – Chief Operating Officer

Damian Goodwin has over 15 years of industry experience, previously working as a Business Development Manager at Abacus Solutions International, Group Lotteries Director for Intralot S.A., and Head of Operations/Product Development for The Health Lottery Ltd. Mr. Goodwin is currently the Chief Operating Officer of Phoenix Digital Services Ltd.

Mr. Goodwin is the Chief Operating Officer of the Resulting Issuer. Mr. Goodwin has not entered into a non-competition agreement with the Resulting Issuer. Mr. Goodwin is a full-time employee of the Resulting Issuer to effectively fulfill his duties as the Chief Operating Officer of the Resulting Issuer. See "*Executive Compensation - Employment, Consulting and Management Agreements*".

James Dominique (31) – Chief Marketing Officer

James Dominique was previously engaged as the Senior Affiliate Manager of Lottoland Limited, and has extensive experience managing affiliate and email customer acquisition channels in multiple jurisdictions, including Brazil, Germany, the United Kingdom, Australia, Sweden and Ireland.

Mr. Dominique is the Chief Marketing Officer of the Resulting Issuer. Mr. Dominique has not entered into a non-competition agreement with the Resulting Issuer. Mr. Dominique is a full-time employee of the Resulting Issuer to effectively fulfill his duties as the Chief Marketing Officer of the Resulting Issuer.

Kelvin Lee (43) – Chief Financial Officer and Director

Kelvin Lee has over 15 years of extensive financial management experience with publicly traded companies. He is formerly CFO of Freeman Gold Corp. and prior, had progressively senior roles from Corporate Controller, VP Finance and Administration to Chief Financial Officer, for a TSXV listed gold producer with $400 million in revenue over nine years. His responsibilities included development and execution of financial strategy and operations, including regulatory reporting, financial planning and analysis, treasury, tax and audit. He also held prior Controller positions in the mining industry with various publicly traded companies including Prodigy Gold Inc. that was acquired for $340 million. Mr. Lee is currently CFO and Director of MegaWatt Lithium and Battery Metals Corp. (formerly, Walcott Resources Ltd.); CFO and Director of Karam Minerals Inc.; and CFO of Mantaro Silver Corp. Mr. Lee is a CPA, CGA (British Columbia).

Mr. Lee is a director of the Resulting Issuer. Mr. Lee has not entered into a non-competition agreement with the Resulting Issuer. Mr. Lee devotes 20% of his time to the business of the Resulting Issuer to effectively fulfill his duties as director of the Resulting Issuer.

Robin Godfrey (48) – Director (Chair of the Board)

An entrepreneur born in Toronto, Robin Godfrey is the President of Brown Lab Industries Inc. Mr. Godfrey oversees two portfolio companies: Qwatro USA (specialty chemicals) and UrbanDog Holdings (pet services). In addition, Mr. Godfrey is active in Brown Lab's real estate activities including the management of commercial and industrial properties in Ajax, Etobicoke and Toronto. Mr. Godfrey is also a registered lobbyist in the Province of Ontario and sits as a director on the Board of Bragg Gaming Group.

Previous work experience includes Senior Vice President of the Toronto Blue Jays Baseball Club, President of the Toronto Phantoms Arena Football Team and Associate at TD Securities. Mr. Godfrey holds a BA from the University of Western Ontario, and a J.D./MBA from Pepperdine University in California.

Mr. Godfrey is a director and chair of the board of the Resulting Issuer. Mr. Godfrey has not entered into a non-competition agreement with the Resulting Issuer. Mr. Godfrey devotes 5% of his time to the business of the Resulting Issuer to effectively fulfill his duties as director of the Resulting Issuer.

Anthony Zelen (49) – Director

Anthony Zelen has over 23 years of experience in finance, investor relations, start-ups and corporate development. He has served as a director and officer for a number of public companies listed both in the United States and Canada in roles relating to investor relations, public relations, financing and strategic marketing for companies in the technology, mining and oil and gas sectors. Mr. Zelen received an undergraduate degree from Simon Fraser University.

Mr. Zelen is a director of the Resulting Issuer. Mr. Zelen has not entered a non-competition agreement with the Resulting Issuer. Mr. Zelen devotes 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as director of the Resulting Issuer.

Joseph Krutel (53) – Director

Joseph Krutel is an experienced entertainment executive and producer. Currently, he is the Executive Producer of upcoming television series Net Work with Academy Award director Antoine Fuqua. Most recently, Mr. Krutel was a producer for the widely acclaimed film, Critical Thinking featuring John Leguizamo and Michael K. Williams. He is also a producer on HBO's hit show, Ballers. The series is produced by Steven Levinson and Mark Wahlberg, featuring Dwayne Johnson and Rob Corddry, whose character is named Joe Krutel - a nod to Mr. Krutel's deal-making.

Mr. Krutel has also worked with iconic Director and Producer, Michael Mann, with a production role on Miami Vice. Additional credits include Disney's, The Crew, featuring Jeremy Piven, Richard Dreyfuss, and Burt Reynolds, as well as New Line Cinemas, Next Friday featuring Ice Cube and Mike Epps.

In addition to entertainment industry credits, Mr. Krutel is also known as a 'connector' bringing in mega brands such as Adidas, Nike, Under Armor, Range Rover, Audemars Piguet, for association with product placement and A-List talent. He is also affiliated with (ABG) Authentic Brands Group, eBoost Energy Drinks, TIDL Sport, Onward Athletics, (PFL) Professional Fighters League, Dita Eyewear, Ferrari of North America, and OODA eGaming Company.

Mr. Krutel is a director of the Resulting Issuer. Mr. Krutel has not entered into a non-competition agreement with the Resulting Issuer. Mr. Krutel devotes 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as director of the Resulting Issuer.

Laryssa Hetmanczuk (38) – Director

Laryssa Hetmanczuk started her career in Ottawa, working in the Stephen Harper government at Health Canada and Industry Canada. She cut her teeth on several big files including auto industry restructuring, the digital economy, infrastructure programs, telecom and the Chemical Management Plan.

She was recently the Executive Director of Communications to the Ontario Premier, 2018-2020, overseeing the communication efforts of the entire provincial government. In this role she served as a senior counsellor to the Premier, media spokesperson, narrative builder for all government initiatives, and air-traffic controller of some 25 ministries and Premier's Office.

In addition to her extensive experience in government and politics, Ms. Hetmanczuk has worked with the construction, cannabis, alcohol, gambling, non-profit, media, health and energy sectors. She worked at the Ontario Lottery and Gaming Corporation as a policy advisor and recently at the government agency responsible for cannabis in Ontario, in strategic engagement. She is currently a principal at the Executive Advisory Firm, GT&Co.

Ms. Hetmanczuk holds a degree from the University of Toronto, and a graduate certificate in Public Relations from Humber College. Ms. Hetmanczuk is fluent in English, Ukrainian and French.

Ms. Hetmanczuk is a director of the Resulting Issuer. Ms. Hetmanczuk has not entered into a non-competition agreement with the Resulting Issuer. Ms. Hetmaczuk devotes between 5-10% of her time to the business of the Resulting Issuer to effectively fulfill her duties as director of the Resulting Issuer.

Share Ownership by Directors and Officers

Following the completion of the Acquisition and the Subscription Receipt Exercise, the Resulting Issuer's directors and officers as a group beneficially own, directly and indirectly, or exercise control or direction over, 3,542,000 Common Shares, not including Options or Warrants, representing 5.17% of the issued and outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no existing or proposed director, executive officer, or promoter of the Company is, as at the date of this Prospectus, or was within 10 years before the date of this Prospectus, a director, chief executive officer, chief financial officer, or promoter of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person as acting in the capacity as director, chief executive officer or chief financial officer.

Anthony Zelen, a director of the Company, was a director of New Wave Holdings Corp. ("**New Wave**") a Canadian Securities Exchange listed company at the time a cease trade order was issued by the British Columbia Securities Commission on July 30, 2021 for not having filed its annual financial statements and management's discussion and analysis for the year ended March 31, 2021. The cease trade order remains in effect and Mr. Zelen remains a director of New Wave.

Bankruptcies

No existing or proposed director, executive officer, or promoter of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No existing or proposed director, executive officer, or promoter of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under British Columbia corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from securities regulatory authority in British Columbia, the Company, Legacy Eight Curacao, Azteca, Phoenix, and the Resulting Issuer were not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”) has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. The Company will has the following Named Executive Officers (collectively, the “**Named Executive Officers**” or “**NEOs**”):

- Steven Budin, Chief Executive Officer of the Resulting Issuer; and
- Kelvin Lee, Chief Financial Officer and Corporate Secretary of the Resulting Issuer.

Director and Named Executive Compensation, Excluding Compensation Securities

The Resulting Issuer was not a reporting issuer at any time during its most recently completed financial year. Accordingly, the following table sets forth information with respect to the anticipated compensation of each NEO and directors of the Resulting Issuer for the 12-month period subsequent to becoming a reporting issuer:

Table of Executive Compensation, Excluding Compensation Securities							
Name and Principal Position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total Compensation ($)**
Steven Budin (Chief Executive Officer and Director)	2021	USD $300,000	up to USD $300,000	n/a	n/a	n/a	USD $300,000
Damian Godwin (Chief Operating Officer)	2021	USD $140,000	n/a	n/a	n/a	n/a	USD $140,000
Kelvin Lee (Chief Financial Officer, Corporate Secretary, and Director)	2021	USD $30,000	n/a	n/a	n/a	n/a	USD $30,000
James Dominique (Chief Marketing Officer)	2021	USD $90,000	n/a	n/a	n/a	n/a	USD $90,000
Robin Godfrey (Director)	2021	USD $75,000	n/a	n/a	n/a	n/a	USD $75,000
Joseph Krutel (Director)	2021	USD $25,000	n/a	n/a	n/a	n/a	USD $25,000
Laryssa Hetmanczuk (Director)	2021	USD $25,000	n/a	n/a	n/a	n/a	USD $25,000

Table of Executive Compensation, Excluding Compensation Securities							
Name and Principal Position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total Compensation ($)**
Anthony Zelen (Director)	2021	USD $25,000	n/a	n/a	n/a	n/a	USD $25,000

The anticipated compensation set out above is based on current conditions in the online gaming and betting industry and on the associated approximate allocation of time for each Named Executive Officer and director and is subject to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the listing of the Common Shares on the Exchange, the Resulting Issuer will review its compensation policies and may adjust them if warranted by factors such as market conditions.

Stock Options and Other Compensation Securities

The Resulting Issuer was not a reporting issuer at any time during its most recently completed financial year. The following table discloses all anticipated compensation securities the Resulting Issuer expects to grant or issue to each Named Executive Officer and director once the Resulting Issuer becomes a reporting issuer:

Compensation Securities					
Name and Principal Position	**Type of compensation security**	**Number of compensation securities and percentage of class**	**Date of issue or grant**	**Issue conversion or exercise price**	**Expiry Date**
Steven Budin (Chief Executive Officer and Director)	Options	1,250,000 (13.66%)	To be granted on Listing	$0.50	5 years from the Listing Date
Damian Godwin (Chief Operating Officer)	Options	250,000 (2.73%)	To be granted on Listing	$0.50	5 years from the Listing Date
Kelvin Lee (Chief Financial Officer, Corporate Secretary, and Director)	Options	75,000 (0.82%)	To be granted on Listing	$0.50	5 years from the Listing Date
James Dominique (Chief	Options	250,000 (2.73%)	To be granted on Listing	$0.50	5 years from the

Compensation Securities					
Name and Principal Position	**Type of compensation security**	**Number of compensation securities and percentage of class**	**Date of issue or grant**	**Issue conversion or exercise price**	**Expiry Date**
Marketing Officer)					Listing Date
Robin Godfrey (Director)	Options	125,000 (1.37%)	To be granted on Listing	$0.50	5 years from the Listing Date
Joseph Krutel (Director)	Options	75,000 (0.82%)	To be granted on Listing	$0.50	5 years from the Listing Date
Laryssa Hetmanczuk (Director)	Options	75,000 (0.82%)	To be granted on Listing	$0.50	5 years from the Listing Date
Anthony Zelen (Director)	Options	250,000 (2.73%)	To be granted on Listing	$0.50	5 years from the Listing Date

Stock Option Plans and Other Incentive Plans

See "*Options to Purchase Securities*" for a summary of the Stock Option Plan.

Employment, Consulting and Management Agreements

Except as disclosed below, the Company is not party to any other employment, consulting or management agreement with a Named Executive Officer or a person performing services of a similar capacity and there are no arrangements for compensation with respect to the termination of Named Executive Officers in the event of a change of control.

In connection with the closing of the Acquisition the Company entered into an employment agreement with Steven Budin, the Company's CEO (the "**Budin Employment Agreement**"). Pursuant to the terms of the Budin Employment Agreement, the Company pays Mr. Budin an annual base salary of USD$300,000.00 (the "**CEO Base Salary**"). Mr. Budin may earn an annual bonus of up to 100% of the CEO Base Salary based on the achievement of corporate objectives and Mr. Budin's individual performance (the "**CEO Bonus**").

Mr. Budin may terminate the Budin Employment Agreement at any time by providing 60 days' written notice to the Company. The Company may terminate the Budin Employment Agreement without cause in the first 12 months of Mr. Budin's employment by providing Mr. Budin with pay in lieu of notice equivalent to USD$400,000 and a CEO Bonus pro-rated for a 12 month term (the "**Initial Term Severance**"). The Company may terminate the Budin Employment Agreement without cause following the first 12 months of Mr. Budin's employment by providing Mr. Budin with the Initial Term Severance as well as an additional USD$200,000 to be paid no later than 12 months after the termination.

Oversight and Description of Director and Named Executive Officer Compensation

The Company does not have a compensation committee or a formal compensation policy. The Company relies solely on the directors to determine the compensation of the Named Executive Officers. In determining compensation, the directors consider industry standards and the Company's financial situation, but the Company does not have any formal objectives or criteria. The performance of each executive officer is informally monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- To align the interests of executive officers with the long-term interests of shareholders through participation in the Option Plan.

When considering the appropriate executive compensation to be paid to our officers, the Board have regard to a number of factors including: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee, former director, former executive officer or former employee of the Company is or has within 30 days before the date of this Prospectus been indebted to the Company or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Company, except for routine indebtedness.

AUDIT COMMITTEE

Audit Committee

Upon the Company becoming a reporting issuer in a jurisdiction in Canada, the Company will form the Audit Committee. The Audit Committee will be comprised as follows:

	Independent/Not Independent[(1)]	Financially Literate[(2)]
Laryssa Hetmanczuk	Independent	Yes
Anthony Zelen (Chair)	Independent	Yes
Robin Godfrey	Independent	Yes

Notes:
1. A member is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of that member's independent judgment.
2. A member is financially literate if such member has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issued that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Charter

The full text of the Audit Committee's charter is attached as Schedule "F" to this Prospectus.

Mandate and Responsibilities of the Audit Committee

The Audit Committee's mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing those procedures; (iii) establishing and maintaining complaint procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) reviewing and approving the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.

The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Company's external auditors at least once a year.

Relevant Education and Experience

For a summary of the experience and education of the Audit Committee members see "*Directors and Executive Officers*".

Audit Committee Oversight

Under section 223 of the BCBCA, the Company has not appointed an audit committee at this time.

Since their respective dates of incorporation, none of Legacy Eight Curacao, Azteca, and Phoenix have appointed an audit committee.

The Resulting Issuer intends to ensure that all recommendations of the Audit Committee of the Resulting Issuer to nominate or compensate an external auditor will be adopted by the Board.

Reliance on Certain Exemptions

At no time since the Company's or each of Legacy Eight Curacao's, Azteca's, and Phoenix's incorporation has any of such companies relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Pre-Approval Policies and Procedures

It is not anticipated that the Resulting Issuer will adopt specific pre-approval policies and procedures for the Audit Committee.

External Auditor Services by Category

The aggregate audit fees incurred by Kings Entertainment from incorporation on February 27, 2020 to March 31, 2021 and for the LottoKings Group for the financial year ended December 31, 2020 are set out in the table below:

Entity	Financial Year Ended	Audit Fees(1) ($)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
Kings Entertainment	From incorporation on February 27, 2020 to March 31, 2021	12,000	-	-	-
LottoKings Group	December 31, 2020	200,000	-	-	-

Notes:

1. "Audit Fees" includes fees necessary to perform the annual audit of Kings Entertainment financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. "All Other Fees" include review of the Prospectus and all other non-audit services.

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

The Board of Directors will be composed of six directors.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the opinion of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board of Directors will exercise its independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the business of the Company in order to identify and manage risks. The Board of Directors will be responsible for monitoring the Company's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The independent members of the Board of Directors will be Anthony Zelen, Robin Godfrey, Joseph Krutel, and Laryssa Hetmanczuk. Steven Budin and Kelvin Lee will be the non-independent members of the Board of Directors as they are both officers of the Company.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Directorships

The following proposed directors of the Company are currently directors of other reporting Companies (or equivalent in a foreign jurisdiction):

Name	Name of Reporting Company	Exchange	Position Held	Start Date	End Date
Kelvin Lee	Mantaro Silver Corp.	TSXV	CFO	May 2021	Present
	Karam Minerals Inc.	CSE	CFO, Corporate Secretary and Director	September 2020	Present
	MegaWatt Lithium and Battery Metals Corp. (formerly, Walcott Resources Ltd.)	CSE	CFO, Corporate Secretary and Director	July 2020	Present
Anthony Zelen	Jessy Ventures Corp.	TSXV	CEO and Director	August 2020	Present
	Paloma Resources Inc.	TSXV	CFO, Secretary and Director	May 2017	Present
	QMC Quantum Minerals Corp.	TSXV	Director	October 2014	Present
	Pure Extraction Corp.	TSXV	Director	April 2008	Present
	Hollister Biosciences Inc.	CSE	Director	November 2019	Present
	New Wave Holdings Corp.	CSE	Director	June 2020	Present
	Rex Resources Corp.	TSXV	Director	June 2020	Present
	Samurai Capital Corp.	TSXV	CEO and Director	July 2020	Present
Robin Godfrey	Bragg Gaming Group Inc.	TSX	Director	October 2019	Present

Orientation and Continuing Education

The Board has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors and consultants of the Company, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations.

Board members will have full access to the Company's records. It is not anticipated that the board of the Company will adopt formal guidelines in the 12 months following Listing.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Company will adopt formal guidelines in the 12 months following Listing.

The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, and the restrictions placed by the BCBCA and/or CBCA, as applicable, on an individual director's participation in decisions of the Board in which the director has an interest, have helped to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of a company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of a company also serves as a director or officer of another company engaged in similar business activities to the first company, that director must comply with the conflict of interest provisions of the BCBCA and/or CBCA, as applicable, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

Nomination of Directors

The Company will not have a stand-alone nomination committee. The full Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates. It is not anticipated that the nomination committee of the Company will adopt a formal process to determine new nominees in the 12 months following Listing.

Compensation

The Board will conduct reviews with regard to directors' and officers' compensation at least once a year. For information regarding the steps taken to determine compensation for the directors and the executive officers, see "*Executive Compensation*" herein.

Committees

The Board has no other committees other than the Audit Committee. It is not anticipated that the Board of the Company will establish any committee other than its Audit Committee in the 12 months following Listing.

Assessments

The Board of Directors will monitor the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. On an ongoing annual basis, the Board will assess the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of 17,789,900 Subscription Receipt Shares issuable upon the deemed exercise of 17,789,900 previously issued Subscription Receipts.

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including minimum listing requirements.

The Subscription Receipts were issued on May 7, 2021 and November 4, 2021, at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $8,894,500. The Subscription Receipts were issued pursuant to and in accordance with the Agency Agreement and the terms of the Subscription Receipt Certificates representing the Subscription Receipts. The Subscription Receipt Certificates provide, among other things, that holders of Subscription Receipts are entitled to receive in respect of each Subscription Receipt held, without additional consideration and without any further action on the part of the holder thereof, one Subscription Receipt Share. The Subscription Receipts will be deemed exercised for Subscription Receipt Shares upon the satisfaction of the Escrow Release Conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares in Canada, and (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange as approved by the Company and the Agent. If the Escrow Release Conditions are not met by the Escrow Deadline of December 31, 2021, the Subscription Receipts will immediately become null, void and of no further force or effect and the Escrowed Funds will be returned to the holders of Subscription Receipts.

In connection with the Subscription Receipt Financing, the Company paid the Agents a cash commission of $533,940 and granted the Agents an aggregate of 1,067,880 Agent's Compensation Options. Each Agent's Compensation Option is exercisable into one Common Share at an exercise price of $0.50 at any time up to 24 months following the satisfaction of the Escrow Release Conditions. In accordance with the Agency Agreement, Kings Entertainment also reimbursed the Agents $107,889.45, representing the expenses of the Agents related to the Subscription Receipt Financing, including but not limited to fees and disbursements of legal counsel, due diligence expenses, and expenses related to marketing road shows. In addition, upon satisfaction of the Escrow Release Conditions, Kings Entertainment will pay the Lead Agent a work fee of $25,000 plus GST.

Certificates representing the Subscription Receipt Shares to be issued upon deemed exercise of the Subscription Receipts will be available for delivery upon the deemed exercise of the Subscription Receipts.

The Subscription Receipts and the Subscription Receipt Shares have not been and will not be registered under the U.S. Securities Act or under any state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities qualified for distribution hereunder within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act).

The Company is not a reporting Company in any province or territory of Canada.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

Investing in the Common Shares involves a high degree of risk. Investors should carefully consider these risk factors, together with all of the other information included in this Prospectus, before deciding to purchase Common Shares. The occurrence of any of the following risks could materially adversely affect the Company's business, financial condition or operating results. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. A purchase of any of the Common Shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the Common Shares.

Business and Operational Risks

Information Systems and Cybersecurity Risks

The Company places significant reliance on its information technology ("**IT**") systems to operate its business and is dependent upon the availability, capacity, reliability and security of its IT infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. In the event that the Company is unable to secure its software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve its systems, the operation of such systems could be interrupted or result in the loss, corruption or release of confidential data.

The IT systems are subject to a variety of security risks, which are growing in both complexity and frequency and could include potential breakdown, cyber phishing, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of its IT systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential fiduciary or proprietary information, in a loss or theft of our financial resources, critical data and information or could result in a loss of control of our technological infrastructure or financial resources.

The Company maintains security policies and procedures that include employee protocols with respect to electronic communications and electronic devices, encryption protection of all computers and portable electronic devices and conducts annual cyber-security assessments. The Company applies technical and process controls in line with industry-accepted standards and best practices to protect its information, assets and systems. However, due to the variety and sophistication and frequency of change in technology, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a material negative effect on the Company's business, financial condition, and results of operations as well as on the Company's reputation.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Reliance on Management

The Company may experience the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Forecasting Limitations

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cloud kitchen industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Need for Additional Financing and Possible Effects of Dilution

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Litigation

The Company is named as the defendant in the Pfeffer Litigation and the Full Color Litigation. See "*Legal Proceedings and Regulatory Actions*." While management of the Company does not believe that this action will have an adverse effect on the business or financial condition of the Company, no assurance can be given as to the final outcome of the Pfeffer Litigation or the Full Color Litigation or that the ultimate resolution of the Pfeffer Litigation and the Full Color Litigation will not have a material adverse effect on the Company. In the event that the Pfeffer Litigation or the Full Color Litigation was to be determined in a manner adverse to the Company, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may become party to additional litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company's operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in facilities and R&D to be able to compete on costs. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Inability to Protect Intellectual Property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Innovation Risks

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Conflicts of Interest

Directors of the Company are and may become directors of other reporting companies or have significant shareholdings in other gaming companies and, to the extent that such companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Support of Banks and Payment Processors

The Company relies on payment processing and banking providers to facilitate the movement of funds between the Company and its customers. Anything that could interfere with the formation or otherwise harm the Company’s relationships with payment and banking service providers could have a material adverse effect on its business, results of operations, financial condition and prospects. The Company’s ability to accept payment from its customers or facilitate withdrawals by them may be restricted by any introduction of legislation or regulations restricting financial transactions with online or mobile gaming operators or prohibiting the use of credit cards and other banking instruments for online or mobile gaming transactions, or any other increase in the stringency of regulation of financial transactions, whether in general or in relation to the gambling industry in particular. Stricter anti-money laundering regulations may also affect the quickness and accessibility of payment processing systems, resulting in added inconvenience to its customers. Card issuers and acquirers may dictate how transactions and products need to be coded and treated which could also make an impact on acceptance rates. Card issuers, acquirers, payment processors and banks may also cease to process transactions relating to the online or mobile gaming industry as a whole or certain operators. This could be due to reputational and/or regulatory reasons or in light of increased compliance standards of such third parties that seek to limit their business relationships with certain industry sectors considered as “high risk”. It may also result in customers being dissuaded from accessing the Company’s product offerings if they cannot use a preferred payment option, or the quality or the speed of the supply is not suitable or accessible to the customers. Any such developments may have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

Likewise, the Company’s ability to accept payments from entities, and make payments to entities, domiciled in various jurisdictions may be affected by changes in banking regulations or the interpretation of same by banks with which the Company holds accounts. Certain of the Company’s banks may cease to support such transactions or limit the Company’s ability to effect same efficiently. Were the Company’s access to banking support to become limited, the Company may be required to adopt more complex intercompany payment protocols and related accounting processes to ensure efficient operation of business and, if such protocols are not possible, such changes may have an adverse effect on the viability of the Company's operations, business, or financial performance.

Industry and Regulatory Risks

Online Gaming Industry is Highly Regulated

The Company, its subsidiaries, and their respective officers, directors, major shareholders, key employees and business partners will be subject to the laws and regulations relating to online gaming of the jurisdictions in which the Company may conduct business. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes and climates, as well as personal biases, may have a material impact on the Company’s operations and financial results. In particular, some jurisdictions have introduced regulations that restrict or prohibit online gaming, while others have taken the position that online gaming should be licenced and regulated and have adopted, or are considering adopting, legislation to enable that to happen.

In addition, the Company will be subject to the general laws and regulations that apply to all online, digital and e-commerce businesses, such as those related to privacy and personal information, data security, tax, and consumer protection. The laws and regulations vary in each jurisdiction and future legislative and regulatory action, court decisions, and/or other governmental action, which could be affected by, among other things, political pressures, attitudes and climates, may have a material impact on the Company's operations and financial outcomes.

Social Responsibility Concerns

Public opinion can significantly influence the regulation of online gaming. A negative shift in the perception of online gaming by the public or by politicians, lobbyists or others could affect future legislation or regulation in different jurisdictions. Among other things, such a shift could cause jurisdictions to abandon proposals to legalize online gaming, thereby limiting the number of new jurisdictions into which the Company could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming in jurisdictions in which the Company may operate.

In addition, concerns with safer betting and gaming could lead to negative publicity, resulting in increased regulatory attention, which may result in restrictions on the Company's future operations. If the Company had to restrict its future marketing or product offerings or incur increased compliance costs, this could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Company will likely face scrutiny related to environmental, social, governance and responsible gaming activities, and its reputation and the value of its brands can be materially adversely harmed if it fails to act responsibly in a number of areas, such as environmental, supply chain management, climate change, diversity and inclusion, workplace conduct, responsible gaming, human rights, philanthropy and support for local communities. Any harm to the Company's reputation could impact employee engagement and retention, and the willingness of future customers and the Company's partners to do business with it, which could have a materially adverse effect on its business, results of operations and cash flows.

The Company may be subject to Regulatory Investigations

From time to time, the Company and its subsidiaries may receive formal and informal inquiries from government authorities and regulators, including securities authorities, tax authorities and gaming regulators, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject the Company to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause the Company to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

Online Gaming Industry Reliant on Mobile Advertising

The online gaming industry is a relatively new and rapidly evolving industry and as such it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online and mobile advertising, that the supply of advertising inventory will not exceed demand or that smartphone penetration in the in the jurisdictions in which the Company operates will continue to grow. If the industry grows more slowly than anticipated or the Company's products and services fail to achieve market acceptance, the Company may be unable to achieve its strategic objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operations.

Risks Related to Local Regulatory Requirements

Regulatory regimes imposed upon gaming providers varies by jurisdiction. Typically, however, most regulatory regimes include the following elements:

- the opportunity to apply for one or more gaming licenses for one or more categories of products, whether as part of a general round of license issuance (for example, Spain) or as and when the applicant chooses to apply;

- a requirement for gaming license applicants to make detailed and extensive disclosures as to their beneficial ownership, their source of funds, the probity and integrity of certain persons associated with the applicant, the applicant's management competence and structure and business plans, the applicant's proposed geographical territories of operation and the applicant's ability to operate a gaming business in a socially responsible manner in compliance with regulation;

- interviews and assessments by the relevant gaming authority intended to inform a regulatory determination of the suitability of applicants for gaming licenses;

- ongoing reporting and disclosure obligations, both on a periodic and ad hoc basis in response to material issues affecting the business;

- the testing and certification of software and systems, generally designed to confirm such things as the fairness of the gaming products offered by the business, their genuine randomness and ability accurately to generate settlement instructions and recover from outages;

- the need to account for applicable gaming duties and other taxes and levies, such as fees or contributions to bodies that organize the sports on which bets are offered, as well as contributions to the prevention and treatment of problem gaming; and

- social responsibility obligations.

While the Company obtains and relies upon external local legal advice and structures its operations with what it considers to be an appropriate degree of prudence in markets where there is no regulatory and licensing framework it cannot guarantee that such external advice and such measures obviate all risk arising from the Company's involvement in such markets. If any changes in local law and regulation, judicial interpretation of local law and regulation, the attitude of local authorities to international e commerce, political attitudes in individual territories or any defaults, errors or omissions of the Company's local business partners and persons associated with them, were to occur, then the Company's business could be materially harmed. Furthermore, in some jurisdictions the application of the rule of law, as well the conventions and expectations of due process in regulatory and administrative behavior, may vary dramatically from North American standards.

Future Developments

Future legislative and regulatory action, and court decisions or other governmental action, may have a material impact on the Company's operations and financial results. Governmental authorities could view the Company or its officers, directors, major shareholders, key employees or business partners as having violated their local laws, despite the Company's efforts to obtain all applicable licenses or approvals. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against the Company, its officers, directors, major shareholders, key employees or business partners and others involved in the online gaming industry. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions, payment blocking, Internet service provider blocking or other restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as impact upon its reputation, even in instances where such proceedings are concluded successfully in its favor.

There can be no assurance that legally enforceable prohibiting legislation will not be proposed and passed in jurisdictions relevant or potentially relevant to the Company's business to prohibit, legislate or regulate various aspects of the Internet, e-commerce, payment processing, or the online gaming, esports and interactive entertainment industries (or that existing laws in those jurisdictions will not be interpreted negatively). Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations, either as a result of its determination that a jurisdiction should be blocked, or because a local license or approval may be costly for it or its business partners to obtain and/or such licenses or approvals may contain other commercially undesirable conditions.

Market and Other Risks

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

The COVID-19 Outbreak and its Effect on the Company's Business

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) ("**COVID-19**") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries including, Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Company's business may be impacted by the recent COVID-19 outbreak. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent months. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, business, results of operations and financial condition, and on the market price of the Common Shares. The extent of this potential disruption on the Company's business cannot be assessed as the full extent of the outbreak and its impact on the global economy cannot be predicted.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some company staff to work remotely). However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions, market disruptions or volatility, or changed in economic conditions will materially affect the Company's business in the future.

Risks Relating to our Common Shares Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of microcap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in

North America and globally and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in our financial condition or results of operations. Other factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares. The market price of the Common Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include the breadth of the public market for our Common Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

Payment of Dividends Unlikely

There is no assurance that the Company will pay dividends on its Common Shares in the near future or ever. The Company will likely require all its funds to further the development of its business.

Economic Environment

The Company's operations could be affected by general economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

Global Financial Conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability, natural disasters, epidemics/pandemics, and other public health crises, such as COVID-19. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the hemp industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

PROMOTERS

Karan Thakur, a former director of the Company, may be considered to be a Promoter of the Company for the purposes of applicable securities laws, as he has taken the initiative in organizing and financing the Company. After giving effect to the Subscription Receipt Exercise and the Acquisition, Mr. Thakur will own nil Common Shares.

No person who was a promoter of the Company within the last two years:

- received anything of value directly or indirectly from the Company or a subsidiary;
- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed below, there are no legal proceedings outstanding, threatened or pending, as of the date hereof, by or against the Company or to which the Company is a party or to which its properties are subject, nor to the Company's knowledge are any such legal proceedings contemplated which could become material to a purchaser of Common Shares.

The Company is not currently aware of any:

(a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation;

(b) other penalties or sanctions imposed by a court or regulatory body against the Company, the disclosure of which are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; or

(c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since its incorporation.

Pfeffer Litigation

There is ongoing litigation (the "**Pfeffer Litigation**") between Legacy Eight and Ariel Pfeffer, a Uruguayan national who owned (or partly owned) a number of companies in the online lottery business (operating principally under the brand names Wintrillions, Trillonario and LottoKings). These corporations were purchased by Legacy Eight by way of share purchase agreement (the "**Pfeffer Agreement**") on or about April 7, 2017. In connection with the transaction, Legacy Eight entered into an employment agreement with Mr. Pfeffer and another individual, Osvaldo Victor Gold Okon.

In or around November 2017, Mr. Pfeffer filed a Statement of Claim in Ontario claiming damages against Legacy Eight in the amount of USD$13,387,500 for an alleged breach of contract along with pre-judgment and post-judgment interest, costs on a substantial indemnity basis and such further and other relief as the court deems just. Mr. Pfeffer claims that Legacy Eight breached its contractual obligations by, inter alia, locking him out of the business, denying him access to financial records, and failing to pay contractual performance related earn-out fees and sales adjustment amounts. Legacy Eight denies these claims. Legacy Eight takes the position that, inter alia, Mr. Pfeffer offered to resign or, in the alternative, was properly terminated, and that he is not entitled to earn outs or sales adjustment amounts because, among other things, the business was underperforming and Mr. Pfeffer breached the Pfeffer Agreement.

Moreover, Legacy Eight counterclaimed against Mr. Pfeffer for damages in the amount of the CAD$ equivalents of USD$32.5 million as damages for breach of contract and/or fraudulent or negligent misrepresentation and USD$5 million for breach of contract, fraudulent or negligent misrepresentation, conversion and/or unjust enrichment. Legacy Eight is also seeking $2 million in punitive damages, various declarative orders, pre- and post-judgment interest, costs and other relief as the court deems just.

The matter has not yet been set down for trial. The parties are completing the exchange of answers to undertakings from examinations for discovery and are in the process of scheduling a mediation.

Full Color Litigation

Legacy Eight Curacao and Legacy Eight Malta are also parties to litigation in Clark County Nevada. On or around August 11, 2017, the shareholders of Full Color Games Inc. ("**FCGI**"), a corporation incorporated under the laws of Nevada, and certain other plaintiffs filed a claim in the District Court of Clark County, Nevada (the "**Full Color Litigation**"), against David Mahon, the former CEO of FCGI, and various other parties. The claim alleged that Mr. Mahon misappropriated the plaintiffs' funds and improperly used FCGI assets for the benefit of a separate legal entity controlled solely by Mr. Mahon.

On November 13, 2019, FCGI filed a Second Amended Complaint in the proceeding, which included a third-party complaint that added Legacy Eight Canada, the corporate parent of Legacy Eight, as a third-party defendant to the proceeding. Leave to file this Second Amended Complaint was granted by the court on January 7, 2020. However, Legacy Eight Canada was dismissed from the litigation on June 23, 2021. On August 11, 2021, FCGI, filed a motion to amend its complaint seeking to renew its suit against Legacy Eight Canada, and add certain other parties, including Legacy Eight, Legacy Eight Curacao and Legacy Eight Malta, as parties to the proceeding. The motion was granted on October 11, 2021.

The pleadings in the Full Color Litigation do not disclose substantive material facts with respect to Legacy Eight Canada, Legacy Eight, Legacy Eight Curacao, or Legacy Eight Malta (collectively the "**Full Color Litigation L8 Parties**") that would substantially establish any valid causes of action against these parties.

At various times, certain parties who held an ownership interest in some of the Full Color Litigation L8 Parties also held an ownership interest or were otherwise involved in Bragg Gaming Group Inc. and Oryx International LLC (together, the "**Bragg Parties**"), which are also defendants to the Full Color Litigation based on certain allegations related to their involvement with other parties in the Full Color Litigation. While the allegations are not clear, it appears that Bragg's forced involvement in the litigation is due to the appointment of an outside director, Mark Munger, who appears to have been a FCGI employee at one point in time. Management of the Lottokings Group is of the opinion that the Full Color Litigation L8 Parties were added as parties to the Full Colour Litigation primarily due to their common ownership with the Bragg Parties, and not because of any material involvement of the Full Color Litigation L8 Parties in the matters at issue in the Full Colour Litigation.

No trial date has yet been set in respect to the proceeding. While the case has been pending for several years, the third party plaintiffs have not materially advanced the litigation. To date, there is a motion to compel FCGI's disclosure of material information regarding its allegations and none of the Full Color Litigation L8 Parties have been served with the allegations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No insider, director or executive officer of the Company and no associate or affiliate of any director, executive officer or insider has any material interest, direct or indirect, in any transaction since incorporation that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The current auditor of the Company is Harbourside CPA LLP. Following the Completion of the Acquisition Baker Tilly WM LLP, with offices at 1500-401 Bay St., Toronto, ON M5H 2Y4 became the auditor of the Company.

REGISTRAR AND TRANSFER AGENT

The Company has appointed Olympia Trust Company as the transfer agent and registrar for the Company's Common Shares at its Vancouver office located at Suite 1900, 925 West Georgia Street, Vancouver, BC V6C 3L2.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company, other than as set forth below:

(a) Subscription Receipt Agreement;

(b) Agency Agreement;

(c) Share Purchase Agreement;

(d) Escrow Agreement; and

(e) Debt Offset Agreement.

EXPERTS AND INTERESTS OF EXPERTS

The independent auditor of the Company, Harbourside CPA LLP, has informed the Company that it is independent with respect to the Company in accordance with applicable Canadian auditing standards.

AGENT FOR SERVICE OF PROCESS

Each of Steven Budin and Joseph Krutel, each a director of the Company, has appointed the Company's counsel, McMillan LLP, located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, as his agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RESCISSION

The Company has granted to each holder of a Subscription Receipt a contractual right of rescission of the prospectus-exempt transaction under which the Subscription Receipt was initially acquired. The contractual right of rescission provides that if a holder of a Subscription Receipt who acquires Common Shares on the exercise or deemed exercise thereof as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this prospectus or an amendment to this prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise or deemed exercise of its Subscription Receipt and the private placement transaction under which the Subscription Receipt was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Subscription Receipt, and

(c) if the holder is a permitted assignee of the interest of the original Subscription Receipt subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

OTHER MATERIAL FACTS

There are no material facts about the Company or the Acquisition that are not otherwise disclosed in this Prospectus.

SCHEDULE "A"

Kings Entertainment Financial Statements

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Condensed Interim Financial Statements

For the three and six months ended September 30, 2021 and 2020

Expressed in Canadian Dollars
(Unaudited)

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Index	**Page**

Financial Statements

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2021	March 31, 2021
	$	$
Assets		
Current:		
Cash and cash equivalents (Note 3)	6,252,759	368,672
Deferred financing costs (Note 4)	762,324	-
Prepaids	84,000	-
	7,099,083	**368,672**
Liabilities		
Current:		
Accounts payable and accrued liabilities	316,813	57,305
Share subscription receipts (Note 4)	6,644,500	282,775
	6,961,313	**340,080**
Equity:		
Share capital (Note 4)	196,203	183,625
Special warrants	-	18,725
Share subscriptions receivable	-	(76,563)
Reserves	233,200	-
Deficit	(291,633)	(97,195)
Total equity	137,770	28,592
Total liabilities and equity	**7,099,083**	**368,672**

Nature of business and going concern (Note 1)
Subsequent event (Note 8)

Approved on behalf of the board of directors:

"Steve Budin"
Steve Budin, Director

The accompanying notes form an integral part of these condensed interim financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Condensed Interim Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Number of Special Warrants	Share Capital Amount	Share Subscriptions Receivable	Special Warrant Amount	Reserves	Deficit	Total Equity (Deficiency)
			$	$	$	$	$	$
Balance, February 27, 2020 (date of incorporation)	-	-	-	-	-	-	-	-
Issuance of common shares	300,000	-	1,500	-	-	-	-	1,500
Loss for the period	-	-	-	-	-	-	(3,619)	(3,619)
Balance, September 30, 2020	**300,000**	**-**	**1,500**	**-**	**-**	**-**	**(3,619)**	**(2,119)**

Balance, March 31, 2021	**20,300,000**	**374,500**	**183,625**	**(76,563)**	**18,725**	**-**	**(97,195)**	**28,592**
Share issuance costs	-	-	(6,147)	-	-	-	-	(6,147)
Subscriptions received	-	-	-	76,563	-	-	-	76,563
Shares issued for exercise of special warrants	374,500	(374,500)	18,725	-	(18,725)	-	-	-
Deferred transaction costs	-	-	-	-	-	233,200	-	233,200
Loss for the period	-	-	-	-	-	-	(194,438)	(194,438)
Balance, September 30, 2021	**20,674,500**	**-**	**196,203**	**-**	**-**	**233,200**	**(291,633)**	**137,770**

The accompanying notes form an integral part of these condensed interim financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended September 30, 2021	Three months ended September 30, 2020	Six months ended September 30, 2021	For period from incorporation on February 27, 2020 to September 30, 2020
		$	$	$	$
Expenses:					
Advertising		31,962	-	48,330	-
Interest and bank charges		136	-	501	-
Office and miscellaneous		45	-	45	-
Professional fees		73,035	-	140,337	3,619
Transfer agent and filing fees		5,250	-	5,250	-
		(110,428)	-	(194,463)	(3,619)
Other item:					
Interest earned		25	-	25	-
Net and comprehensive loss	$	(110,403)	-	(194,438)	(3,619)
Loss per common share – basic and diluted	$	**(0.01)**	**(0.00)**	**(0.01)**	**(0.01)**
Weighted average number of common shares outstanding – basic and diluted		**20,483,179**	**300,000**	**20,392,090**	**300,000**

The accompanying notes form an integral part of these condensed interim financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended September 30, 2021	**For period from incorporation on February 27, 2020 to September 30, 2020**
Cash provided by (used in):	**$**	**$**
Operating activities		
Net loss for the period	(194,438)	(3,619)
Changes in non-cash working capital:		
Prepaid expenses	(84,000)	-
Accounts payable and accrued liabilities	259,508	3,619
	(18,930)	-
Financing activities		
Proceeds from shares issued in the prior period	76,563	
Proceeds from subscription receipts	6,361,725	-
Share issuance costs	(6,147)	-
Cash paid in deferred financing costs	(529,124)	
	5,903,017	-
Change in cash and cash equivalents	5,884,087	-
Cash and cash equivalents, beginning of period	368,672	-
Cash and cash equivalents, end of period	**6,252,759**	-
Cash paid for		
Interest	-	-
Income tax	-	-

Non-cash investing and financing activities for the period ended September 30, 2021:

The Company issued warrants valued at $233,200 for deferred transaction costs.

The accompanying notes form an integral part of these condensed interim financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.) (the "Company") was incorporated on February 27, 2020 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) and it changed its name to "Kings Entertainment Group Inc." in connection with closing of the Acquisition described below on July 28, 2021. The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company entered into a share purchase agreement dated February 24, 2021 (the "Share Purchase Agreement"), with Legacy Eight Ltd. ("Legacy"), the primary shareholder of each of Legacy Eight Curacao N.V. , Legacy Eight Malta Ltd. and Bulleg Eight Limited and Azteca Messenger Services S.A. de C.V. (the "Legacy Eight Subsidiaries"), pursuant to which the Company agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix in exchange for common shares (the "Acquisition"). Following the closing of the Share Purchase Agreement, Legacy Eight Curacao, Azteca and Phoenix will be the wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company will issue 20,674,500 common shares at a price of $0.50 per common share (the "Payment Shares") to Legacy. The Payment Shares will be subject to the following restrictions on sale: (i) fifteen percent (15%) to be free trading at the time of Listing; and (ii) eight and a half percent (8.5%) to be free trading every thirty (30) days thereafter until all such Payment Shares are free trading. The closing date of the Acquisition is the day that is three (3) business days following the satisfaction or waiver of all of the conditions to closing set forth in the Share Purchase Agreement, or on such other date as the parties may mutually agree.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $194,438 during the six months ended September 30, 2021 and has working capital as at September 30, 2021 of $137,770, and has accumulated deficit as at September 30, 2021 of $291,633. The Company does not earn revenue and is reliant on share issuances for its funding. There is no assurance that sufficient funding (including adequate financing) will be available to conduct its business. These factors present a material uncertainty over the Company's ability to continue as a going concern. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

2. NATURE OF BUSINESS AND GOING CONCERN (cont'd)

Global outbreak of COVID-19

In March 2020 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Statement of compliance

These unaudited condensed interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the financial statements for the period from to incorporation on February 27, 2020 to March 31, 2021.

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the period from to incorporation on February 27, 2020 to March 31, 2021.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Approval of the condensed interim financial statements

These condensed interim financial statements were authorized for issue by the Board of Directors on December 29, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Cash and cash equivalents

The Company considered all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Share capital

Common shares, special warrants, and subscription receipts are classified as equity. Transaction costs directly attributable to the issue of common shares, special warrants and subscription receipts are recognized as a deduction from equity as share issue costs, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issues in private placements is determined based on the share price subscribed for in the private placement. The residual amount, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded in reserves.

Share issue costs and other legal fees related to and incurred in advance of share subscriptions are recorded as deferred financing costs. Share issue costs related to uncompleted share subscriptions are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized

is transferred to deficit. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Loss per share

Basic earnings (loss) per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

Financial instruments

The Company recognizes financial assets and financial liabilities at fair value on the date the Company becomes a party to the contractual provisions of the instruments.

The Company classifies its financial assets into the following categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost.

The Company classifies its financial liabilities at amortized cost. Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or accumulated other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Measurement Category
Cash and cash equivalents	FVTPL
Accounts payable	Amortized cost
Share subscription receipts	Amortized cost

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. These updates are not applicable or consequential to the Company and have been omitted from discussion herein.

3. CASH AND CASH EQUIVALENTS

		September 30, 2021		March 31, 2021
Cash	$	813,513	$	273,172
Funds held in trust		5,439,246		95,500
	$	6,252,759	$	368,672

Cash and funds held in trust included $6,115,376 (March 31, 2021 - $282,775) received for subscription receipts.

4. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

20,674,500 common shares without par value.

During the six months ended September 30, 2021, the Company completed the following transactions:

i) On August 16, 2021, the Company converted 374,500 special warrants into common shares of the Company.

4. SHARE CAPITAL (cont'd)

For the period from incorporation on February 27, 2020 to September 30, 2020, the Company completed the following transactions:

ii) On February 27, 2020, the Company completed a non-brokered private placement, issuing 100,000 common shares at an issue price of $0.005 for aggregate gross proceeds of $500

iii) On March 12, 2020, the Company completed a non-brokered private placement, issuing 100,000 common shares at an issue price of $0.005 for aggregate gross proceeds of $500

iv) On September 22, 2020, the Company completed a non-brokered private placement, issuing 100,000 common shares at an issue price of $0.005 for aggregate gross proceeds of $500.

c. Special warrants

On April 15, 2021, the Company issued 374,500 Special Warrants at an issue price of $0.05 per Special Warrant for aggregate gross proceeds of $18,725. The special warrants automatically convert to common shares on the date that is earlier of: (i) the third business day after receipt for a final Prospectus qualifying the distribution of the Special Warrant Shares; and (ii) August 16, 2021. On August 16, 2021, the Company converted 374,500 special warrants into common shares of the Company.

d. Subscription receipts

On May 7, 2021, the Company completed a subscription receipt financing, issuing 13,289,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $6,644,500 (of which $282,775 was received during the period ended March 31, 2021). Each subscription receipt entitles the holder to receive, without additional consideration or taking further action, one subscription receipt share upon satisfaction of the escrow release conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the subscription receipt shares in Canada, and (ii) conditional acceptance for the listing of the common shares on the Canadian Securities Exchange or such other national securities exchange. In the event that the escrow release conditions are not satisfied by the escrow release deadline, the subscription receipts will be null and void and of no further effect and the escrowed funds will be returned to the holders of subscription receipts in an amount equal to (i) the aggregate subscription price of the subscription receipt held by such holder, and (ii) their pro rata portion of any interest earned thereon.

In connection with the financing, the Company reimbursed the agent $76,664, paid an agent fee of $25,000 plus GST, incurred cash commissions of $404,340, and issued 808,680 agent's warrants. The agent's warrants are exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 24 months after listing. The warrants were valued at $233,200 using the Black-Scholes option pricing model, with the following assumptions: Volatility of 113%, expected life of 2 years, and discount rate of 0.23%. Additional costs incurred totaled $21,870, resulting in a total of $762,324 deferred financing costs as at September 30, 2021.

5. RELATED PARTY TRANSACTIONS

Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers.

During the six months ended September 30, 2021 and 2020, the Company had no transactions with key management personal or other related parties.

As at September 30, 2021 the Company has no balances with related parties.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2021, the fair value of cash and cash equivalents held by the Company was based on level 1 inputs of the fair value hierarchy. The Company's accounts payable and subscription receipts approximate their fair values due to their short terms to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at September 30, 2021, the Company's shareholders' equity was $137,770 and current liabilities was $6,961,313. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

8. SUBSEQUENT EVENT

On November 4, 2021, the Company completed a subscription receipt financing, for 4,500,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $2,250,000. Each subscription receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the Canadian Securities Exchange.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Financial Statements

For the period from incorporation on February 27, 2020 to March 31, 2021

Expressed in Canadian Dollars

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Index	**Page**

Financial Statements

HARBOURSIDE CPA

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kings Entertainment Group Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.) (the "Company"), which comprise the statement of financial position as at March 31, 2021 and the statement of changes in equity, statement of loss and comprehensive loss, and statement of cash flows for the period from incorporation on February 27, 2020 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the period from incorporation on February 27, 2020 to March 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)'s ability to continue as a going concern.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's discussion and analysis report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's discussion and analysis report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

t 604.688.7227
f 604.681.7716
harboursidecpa.com
SUITE 1140–1185
WEST GEORGIA STREET,
VANCOUVER, BC V6E 4E6

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Mickey Goldstein

HARBOURSIDE CPA LLP

Vancouver, British Columbia
December 30, 2021

Harbourside CPA, LLP
Chartered Professional Accountants

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)
Statement of Financial Position
As at March 31, 2021
(Expressed in Canadian Dollars)

	March 31, 2021
	$
Assets	
Current:	
Cash and cash equivalents (Note 3)	368,672
	368,672
Liabilities	
Current:	
Accounts payable and accrued liabilities	57,305
Share subscription receipts (Note 9)	282,775
	340,080
Equity:	
Share capital (Note 4)	183,625
Special warrants	18,725
Share subscriptions receivable	(76,563)
Deficit	(97,195)
Total equity	28,592
Total liabilities and equity	**368,672**

Nature of business and going concern (Note 1)
Subsequent events (Note 9)

Approved on behalf of the board of directors:

"Ravinder Kang"
Ravinder Kang, Director

The accompanying notes form an integral part of these financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Statement of Changes in Equity
For the period from incorporation on February 27, 2020 to March 31, 2021
(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Special Warrants	Share Capital Amount	Share Subscriptions Receivable	Special Warrant Amount	Deficit	Total Equity
			$	$	$	$	$
Balance, February 27, 2020 (date of incorporation)	-	-	-	-	-	-	-
Issuance of common shares	20,300,000	-	183,625	(76,563)	-	-	107,062
Special warrants issued	-	374,500	-	-	18,725	-	18,725
Loss for the period	-	-	-	-	-	(97,195)	(97,195)
Balance, March 31, 2021	**20,300,000**	**374,500**	**183,625**	**(76,563)**	**18,725**	**(97,195)**	**28,592**

The accompanying notes form an integral part of these financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)
Statement of Loss and Comprehensive Loss
For the period from Incorporation on February 27, 2020 to March 31, 2021
(Expressed in Canadian Dollars)

		For the period from February 27, 2020 to March 31, 2021
Expenses:		
Advertising and promotion	**$**	28,665
Consulting fees		11,000
Interest and bank charges		38
Professional fees		57,492
Net and comprehensive loss	**$**	(97,195)
Loss per common share – basic and diluted	**$**	**(0.04)**
Weighted average number of common shares outstanding – basic and diluted		**2,748,580**

The accompanying notes form an integral part of these financial statements.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)
Statement of Cash Flows
For the period from incorporation on February 27, 2020 to March 31, 2021
(Expressed in Canadian Dollars)

	For the period from February 27, 2020 to March 31, 2021
Cash provided by (used in):	**$**
Operating activities	
Net loss for the period	(97,195)
Changes in non-cash working capital:	
Accounts payable and accrued liabilities	57,305
	(39,890)
Financing activities	
Proceeds from common share issuances	107,062
Proceeds from special warrants	18,725
Proceeds from subscription receipts	282,775
	408,562
Change in cash and cash equivalents	368,672
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	368,672

The accompanying notes form an integral part of these financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.) (the "Company") was incorporated on February 27, 2020 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). It will change its name to "Kings Entertainment Group Inc." in connection with closing of the Acquisition described below. The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company entered into a share purchase agreement dated February 24, 2021 (the "Share Purchase Agreement"), with Legacy Eight Ltd. ("Legacy"), the primary shareholder of each of Legacy Eight Curacao N.V. , Legacy Eight Malta Ltd. and Bulleg Eight Limited and Azteca Messenger Services S.A. de C.V. (the "Legacy Eight Subsidiaries"), pursuant to which the Company agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix in exchange for common shares (the "Acquisition"). Following the closing of the Share Purchase Agreement, Legacy Eight Curacao, Azteca and Phoenix will be the wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company will issue 20,674,500 common shares at a price of $0.50 per common share (the "Payment Shares") to Legacy. The Payment Shares will be subject to the following restrictions on sale: (i) fifteen percent (15%) to be free trading at the time of Listing; and (ii) eight and a half percent (8.5%) to be free trading every thirty (30) days thereafter until all such Payment Shares are free trading. The closing date of the Acquisition is the day that is three (3) business days following the satisfaction or waiver of all of the conditions to closing set forth in the Share Purchase Agreement, or on such other date as the parties may mutually agree.

These financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $97,195 during the period ended March 31, 2021 and has working capital as at March 31, 2021 of $28,592, and has accumulated deficit as at March 31, 2021 of $97,195. The Company does not earn revenue and is reliant on share issuances for its funding. There is no assurance that sufficient funding (including adequate financing) will be available to conduct its business. These factors present a material uncertainty over the Company's ability to continue as a going concern. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

1. NATURE OF BUSINESS AND GOING CONCERN (cont'd)

Global outbreak of COVID-19

In March 2020 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on December 30, 2021.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented for the period from incorporation on February 27, 2020 to March 31, 2021. All amounts in the financial statements are presented in Canadian dollars, unless otherwise noted, which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

The Company considered all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Share capital

Common shares, special warrants, and subscription receipts are classified as equity. Transaction costs directly attributable to the issue of common shares, special warrants and subscription receipts are recognized as a deduction from equity as share issue costs, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issues in private placements is determined based on the share price subscribed for in the private placement. The residual amount, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded in reserves.

Share issue costs and other legal fees related to and incurred in advance of share subscriptions are recorded as deferred financing costs. Share issue costs related to uncompleted share subscriptions are charged to profit or loss.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized is transferred to deficit. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Loss per share

Basic earnings (loss) per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Est

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The Company recognizes financial assets and financial liabilities at fair value on the date the Company becomes a party to the contractual provisions of the instruments.

The Company classifies its financial assets into the following categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost.

The Company classifies its financial liabilities at amortized cost. Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or accumulated other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Measurement Category
Cash and cash equivalents	FVTPL
Accounts payable	Amortized cost
Share subscription receipts	Amortized cost

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. These updates are not applicable or consequential to the Company and have been omitted from discussion herein.

3. CASH AND CASH EQUIVALENTS

		March 31, 2021
Cash	$	273,172
Funds held in trust		95,500
	$	368,672

Cash and funds held in trust included $282,775 received for subscription receipts (Note 9).

4. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the period from February 27, 2020, date of incorporation, to March 31, 2021, the Company completed the following transactions:

i) On February 27, 2020, 1 common share was issued to the incorporator of the Company, and cancelled.
ii) On February 27, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
iii) On March 12, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
iv) On September 22, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
v) On February 3, 2021, the Company completed a non-brokered private placement, issuing 14,525,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $72,625, of which $39,812 was collected during the period ended March 31, 2021, and $32,813 has been collected subsequent to the period end..
vi) On February 22, 2021, the Company completed a non-brokered private placement, issuing 5,475,000 Common Shares at an issue price of $0.02 for aggregate gross proceeds of $109,500, of which $65,750 was collected during the period ended March 31, 2021 and $43,750 has been collected subsequent to the period end..

c. Special warrants

On April 15, 2021, the Company issued 374,500 Special Warrants at an issue price of $0.05 per Special Warrant for aggregate gross proceeds of $18,725. The special warrants automatically convert to common shares on the date that is earlier of: (i) the third business day after receipt for a final Prospectus qualifying the distribution of the Special Warrant Shares; and (ii) August 16, 2022. Subsequent to the period end,, the Company issued 374,500 common shares on the conversion of special warrants.

5. RELATED PARTY TRANSACTIONS

Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company’s Board of Directors and corporate officers.

During the period ended March 31, 2021, the company had no transactions with key management personal or other related parties.

As at March 31, 2021, the company has no balances with related parties.

(Expressed in Canadian Dollars)

6. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 27% and the Company's effective income tax expense is as follows:

		2021
Earnings (loss) for the year	$	**(97,195)**
Combined federal and provincial rate		**27%**
Expected income tax (recovery)	$	**(26,000)**
Change in unrecognized deductible temporary differences		**26,000-**
Total income tax expense (recovery)	$	**-**

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences at March 31, 2021 are as follows:

		2021
Non-capital losses	$	26,000
Total unrecognized temporary differences	**$**	**26,000**

As at March 31, 2021, the Company has a non-capital loss for income tax purposes of approximately $97,195 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring as follows:

Temporary difference	Expiry	Expiry
Non-capital losses	$97,195	2041

The Company has not recorded deferred tax assets related to these unused non-capital loss carry forwards as it is not probable that future taxable profits will be available to utilize these losses.

Tax attributes are subject to review and potential adjustment by tax authorities.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2021, the fair value of cash and cash equivalents held by the Company was based on level 1 inputs of the fair value hierarchy. The Company's accounts payable and share subscription receipts approximate their fair value due to their short terms to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2021, the Company's shareholders' equity was $28,592 and current liabilities was $340,080. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

9. SUBSEQUENT EVENTS

Subscription Receipt

On May 7, 2021, the Company completed a subscription receipt financing, issuing 13,289,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $6,644,500 (of which $282,775 was received during the period ended March 31, 2021). Each subscription receipt entitles the holder to receive, without additional consideration or taking further action, one subscription receipt share upon satisfaction of the escrow release conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the subscription receipt shares in Canada, and (ii) conditional acceptance for the listing of the common shares on the Canadian Securities Exchange or such other national securities exchange. In the event that the escrow release conditions are not satisfied by the escrow release deadline, the subscription receipts will be null and void and of no further effect and the escrowed funds will be returned to the holders of subscription receipts in an amount equal to (i) the aggregate subscription price of the subscription receipt held by such holder, and (ii) their pro rata portion of any interest earned thereon.

In connection with the financing, the Company reimbursed the agent $76,664, paid an agent fee of $25,000 plus GST, incurred cash commissions of $404,340, and issued 808,680 agent's warrants. The agent's warrants are exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 24 months after listing. The warrants were valued at $233,200 using the Black-Scholes option pricing model, with the following assumptions: Volatility of 113%, expected life of 2 years, and discount rate of 0.23%. Additional costs incurred totaled $21,870, resulting in a total of $762,324 deferred financing costs.

On November 4, 2021, the Company completed a Subscription Receipt Financing, for 4,500,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $2,250,000. Each Subscription Receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the CSE.

Share Capital

Subsequent to the period end, the Company collected gross proceeds of $32,813 as part of a non-brokered private placement at $0.005 per share, that was completed during the period ended March 31, 2021.

Subsequent to the period end, the Company collected gross proceeds of $43,750 as part of a non-brokered private placement at $0.02 per share, that was completed during the period ended March 31, 2021.

On April 15, 2021, the Company issued 374,500 Special Warrants at an issue price of $0.05 per Special Warrant for aggregate gross proceeds of $18,725. On August 16, 2021, the Company converted 374,500 special warrants into common shares of the Company.

SCHEDULE "B"

Kings Entertainment MD&A

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Management's Discussion and Analysis
For the three and six months ended September 30, 2021

Prepared as of December 29, 2021

Management's Discussion and Analysis

For the three and six months ended September 30, 2021, prepared as of December 29, 2021

The following management's discussion and analysis ("MD&A") has been prepared by Management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited annual financial statements and related notes thereto for the period from incorporation on February 27, 2020 to March 31, 2021 and the unaudited condensed interim financial statements of Kings Entertainment Group Inc. ("KEG" or the "Company") and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the three and six months ended September 30, 2021 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company's audited annual financial statements from the period from incorporation on February 27, 2020 to March 31, 2021, and the unaudited condensed interim financial statements for the six months ended September 30, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand KEG, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

Description of Business and Overview

1242455 B.C. Ltd. was incorporated under the *BC Business Corporations Act* on February 27, 2020 and it changed its name to "Kings Entertainment Group Inc." on July 28, 2021. The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company entered into a share purchase agreement dated February 24, 2021 (the "Share Purchase Agreement"), with Legacy Eight Ltd. ("Legacy"), the primary shareholder of each of Legacy Eight Curacao N.V. , Legacy Eight Malta Ltd. and Bulleg Eight Limited and Azteca Messenger Services S.A. de C.V. (the "Legacy Eight Subsidiaries"), pursuant to which the Company agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix in exchange for common shares (the "Acquisition"). Following the closing of the Share Purchase Agreement, Legacy Eight Curacao, Azteca and Phoenix will be the wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company will issue 20,674,500 common shares at a price of $0.50 per common share (the "Payment Shares") to Legacy. The Payment Shares will be subject to the following restrictions on sale: (i) fifteen percent (15%) to be free trading at the time of Listing; and (ii) eight and a half percent (8.5%) to be free trading every thirty (30) days thereafter until all such Payment Shares are free trading. The closing date of the Acquisition is the day that is three (3) business days following the satisfaction or waiver of all of the conditions to closing set forth in the Share Purchase Agreement, or on such other date as the parties may mutually agree.

The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Global outbreak of COVID-19

In March 2020 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Financial Results of Operations

Quarterly Financial Results

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

Quarter ended	**Sept 30, 2021**	**June 30, 2021**	**Mar 31, 2021**	**Dec 31, 2020**	**Sept 30, 2020**	**June 30, 2020**
Cash	$6,252,759	$6,216,248	$368,672	$nil	$nil	$nil
Net loss	$110,403	$84,035	$90,650	$2,926	$nil	$2,019
Shares outstanding	20,674,500	20,300,000	20,300,000	300,000	300,000	300,000
Loss per common share (basic and diluted)	$0.00	$0.00	$0.00	$0.01	$0.00	$0.01

Quarterly financial information for interim periods preceding March 31, 2020 have been omitted as the Company was incorporated on February 27, 2020.

Results of Operations

Three months ended September 30, 2021 and 2020

During the three months ended September 30, 2021, the Company reported a net loss of $110,403. The loss in period can be attributed mainly to professional fees and advertising fees.

For the three months ended September 30, 2021, the Company incurred professional fees of $73,035 compared to $nil for the comparable period in 2020. Costs incurred in 2021 were for legal fees related to the Canadian Securities Exchange listing.

For the three months ended September 30, 2021, the Company incurred advertising fees of $31,962 compared to $nil for the comparable period in 2020. Costs incurred in 2021 were for branding and awareness materials.

Six months ended September 30, 2021 and 2020

During the six months ended September 30, 2021, the Company reported a net loss of $194,438. The loss in 2021 can be attributed mainly to professional fees and advertising fees.

For the six months ended September 30, 2021, the Company incurred professional fees of $140,337 compared to $3,619 for the comparable period in 2020. Costs incurred in 2021 were for legal fees related to the Canadian Securities Exchange listing.

For the six months ended September 30, 2021, the Company incurred advertising fees of $48,330 compared to $nil for the comparable period in 2020. Costs incurred in 2021 were for branding and awareness materials.

Liquidity and Capital Resources

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At September 30, 2021 the Company had working capital [(1)] of $137,770 which included cash of $6,252,759 available to meet short-term business requirements and liabilities of $6,961,313. The Company's accounts payable have contractual maturities of less than 90 days and are subject to normal trade terms. The Company has no long-term debt.

[(1)] Non-GAAP Financial Measure:
The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (September 30, 2021 – $7,099,083), less current liabilities (September 30, 2021 – $6,961,313).

On April 15, 2021, the Company issued 374,500 special warrants at an issue price of $0.05 per Special Warrant for aggregate gross proceeds of $18,725 and on August 16, 2021, the Company converted 374,500 special warrants into common shares of the Company.

On May 7, 2021, the Company completed a subscription receipt financing, for 13,289,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $6,644,500 and on November 4, 2021, the Company completed a subscription receipt financing, for 4,500,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $2,250,000. Each subscription receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the Canadian Securities Exchange.

In connection with the financing, the Company reimbursed the agent $76,664, paid an agent fee of $25,000 plus GST, incurred cash commissions of $404,340, and issued 808,680 agent's warrants. The agent's warrants are exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 24 months after listing. The warrants were valued at $233,200 using the Black-Scholes option pricing model, with the following assumptions: Volatility of 113%, expected life of 2 years, and discount rate of 0.23%. Additional costs incurred totaled $21,870, resulting in a total of $762,324 deferred financing costs.

At present, the Company has no current operating income. Without additional future financing, the Company may not be able to fund its ongoing operations and complete future development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Outstanding Share Data

As at the date of this report, the Company had 20,674,500 issued and outstanding common shares.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

There are no transactions with related parties.

Subsequent Event

On November 4, 2021, the Company completed a subscription receipt financing, for 4,500,000 subscription receipts at an issue price of $0.50 per subscription receipt for aggregate gross proceeds of $2,250,000. Each subscription receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the Canadian Securities Exchange.

Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management estimates and judgments include:

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Accounting Policies

The Company's significant accounting policies are disclosed in note 2 of the Company's audited financial statements for the period ended March 31, 2021.

Financial Instruments

The Company's financial instruments as at September 30, 2021 include cash, accounts payable and share subscription receipts.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Fair value through profit or loss
Accounts payable	Amortized cost
Share subscription receipts	Amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

Management's responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

APPENDIX 1

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains “forward-looking statements”. Forward-looking statements reflect the Company’s current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as “intends”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or various of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under “Risk Factors”. Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking 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. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.)

Management's Discussion and Analysis
For the period from incorporation on February 27, 2020 to March 31, 2021

Management's Discussion and Analysis

Period of incorporation on February 27, 2020 to March 31, 2021

The following management's discussion and analysis ("MD&A") has been prepared by Management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited annual financial statements and related notes thereto for the period from incorporation on February 27, 2020 to March 31, 2021 of Kings Entertainment Group Inc. ("KEG" or the "Company") and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the year ended March 31, 2021 and the subsequent period up to the date of issue of this MD&A, December 29, 2021. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company's audited annual financial statements from the period from incorporation on February 27, 2020 to March 31, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand KEG, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

Description of Business and Overview

1242455 B.C. Ltd. was incorporated under the *BC Business Corporations Act* on February 27, 2020. It will change its name to "Kings Entertainment Group Inc." in connection with closing of the Acquisition described below. The head office and registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Global outbreak of COVID-19

In March 2020 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Proposed Transaction

The Company entered into a Share Purchase Agreement dated February 24, 2021 (the "Share Purchase Agreement"), with Legacy Eight, the primary shareholder of each of Legacy Eight Curacao, Azteca, and Phoenix (the "Legacy Eight Subsidiaries"), pursuant to which the Company agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix in exchange for Common Shares (the "Acquisition"). Following the closing of the Share Purchase Agreement, Legacy Eight Curacao, Azteca and Phoenix will be the wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company will issue 30,000,000 Common Shares at a deemed price of $0.50 per Common Share (the "Payment Shares") to Legacy. The Payment Shares will be subject to the following restrictions on sale: (i) fifteen percent (15%) to be free trading at the time of Listing; and (ii) eight and a half percent (8.5%) to be free trading every thirty (30) days thereafter until all such Payment Shares are free trading. The closing date of the Acquisition is the day that is three (3) business days following the satisfaction or waiver of all of the conditions to closing set forth in the Share Purchase Agreement, or on such other date as the parties may mutually agree.

Financial Results of Operations

Selected Financial Information

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

	Period from incorporation on February 27, 2020 to March 31, 2021
Total revenue	$Nil
Net Loss	$97,195
Loss per common share, basic and diluted	$0.04
Total assets	$368,672
Long term debt	$Nil
Dividends paid/payable	$Nil

Quarterly Financial Results

Quarterly financial information for interim periods preceding the date of this MD&A have been omitted as the Company was incorporated on February 27, 2020.

Results of Operations

Period from incorporation on February 27, 2020 to March 31, 2021

During the period from incorporation on February 27, 2020 to March 31, 2021, the Company reported a net loss of $97,195. The loss in 2021 can be attributed mainly to accounting and audit fees, advertising fees, legal fees and consulting fees.

For the year ended March 31, 2021, the Company incurred accounting and audit fees of $12,000. Costs incurred in 2021 were for fees incurred for the financial audit of the period ended March 31, 2021.

For the year ended March 31, 2021, the Company incurred legal fees of $45,492. Costs incurred in 2021 were for regulatory and filing fees.

Liquidity and Capital Resources

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At March 31, 2021 the Company had working capital(1) of $28,592 which included cash of $368,672 available to meet short-term business requirements and liabilities of $340,080. The Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company has no long term debt.

(1) Non-GAAP Financial Measure:
The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (March 31, 2021 – $368,672), less current liabilities (March 31, 2021 – $340,080).

At present, the Company has no current operating income. Without additional future financing, the Company may not be able to fund its ongoing operations and complete future development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Current year financing

During the period from February 27, 2020, date of incorporation, to March 31, 2021, the Company completed the following transactions:

i) On February 27, 2020, 1 common share was issued to the incorporator of the Company and cancelled.
ii) On February 27, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
iii) On March 12, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
iv) On September 22, 2020, the Company completed a non-brokered private placement, issuing 100,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $500.
v) On February 3, 2021, the Company completed a non-brokered private placement, issuing 14,525,000 Common Shares at an issue price of $0.005 for aggregate gross proceeds of $72,625, of which $32,813 has been collected subsequent to the period ended.
vi) On February 22, 2021, the Company completed a non-brokered private placement, issuing 5,475,000 Common Shares at an issue price of $0.02 for aggregate gross proceeds of $109,500, of which $43,750 has been collected subsequent to the period ended.

Prior year financing

No financings conducted in the prior fiscal year as this is the first year of operations.

Outstanding Share Data

As at the date of this report, the Company had 20,674,500 issued and outstanding common shares and nil options outstanding.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

There are no transactions with related parties.

Subsequent Event

On May 7, 2021, the Company completed a Subscription Receipt Financing, issuing 13,289,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $6,644,500. Each Subscription Receipt entitles the holder to receive, without additional consideration or taking further action, one Subscription Receipt Share upon satisfaction of the Escrow Release Conditions, including, but not limited to, (i) the Company obtaining final receipt for a prospectus qualifying the distribution of the Subscription Receipt Shares in Canada, and (ii) conditional acceptance for the listing of the Common Shares on the CSE or such other national securities exchange. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the Subscription Receipts will be null and void and of no further effect and the Escrowed Funds will be returned to the holders of Subscription Receipts in an amount equal to (i) the aggregate subscription price of the Subscription Receipt held by such holder, and (ii) their pro rata portion of any interest earned thereon.

In connection with the financing, the Company reimbursed the agent $76,664, paid an agent fee of $25,000 plus GST, incurred cash commissions of $404,340, and issued 808,680 agent's warrants. The agent's warrants are exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 24 months after listing. The warrants were valued at $233,200 using the Black-Scholes Option Pricing Model, with the following assumptions: Volatility of 113%, expected life of 2 years, and discount rate of 0.23%. Additional costs incurred totaled $21,870, resulting in a total of $762,324 deferred financing costs.

On November 4, 2021, the Company completed a Subscription Receipt Financing, for 4,500,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $2,250,000. Each Subscription Receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the CSE.

Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management estimates and judgments include:

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Accounting Policies

The Company's significant accounting policies are disclosed in note 2 of the Company's audited financial statements for the year ended March 31, 2021.

Financial Instruments

The Company's financial instruments as at March 31, 2021 include cash, accounts payable and share subscription receipts.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Fair value through profit or loss
Accounts payable	Amortized cost
Share subscription receipts	Amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) 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. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at March 31, 2021, the Company has cash of $368,672 available to apply against short-term business requirements and current liabilities of $340,080. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2021.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash in bank.

The Company does not expect any significant effect on the Company's loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the of the financial year.

Management's responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

APPENDIX 1

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains “forward-looking statements”. Forward-looking statements reflect the Company’s current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as “intends”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or various of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under “Risk Factors”. Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking 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. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.

SCHEDULE "C"

LottoKings Group' Financial Statements

LottoKings Group

Interim Combined, Consolidated Financial Statements

Three and Nine months ended September 30, 2021 and 2020

(Unaudited - Presented in United States Dollars)

LottoKings Group
Interim Combined, Consolidated Financial Statements
Three and Nine months ended September 30, 2021 and 2020
(Unaudited - Presented in United States Dollars)

Contents

Interim Combined, Consolidated Financial Statements:

LottoKings Group

Interim Combined, Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited - Presented in United States Dollars)

	September 30 2021	December 31, 2020
Assets		
Current		
Cash	$ 193,150	$ 425,415
Due from processors, net (Note 3 and 11(b))	860,281	937,564
Government remittances recoverable	96,521	87,637
Prepaid expenses and other assets	142,673	131,047
	1,292,625	1,581,663
Non-current		
Property and equipment	3,133	3,150
Deferred income tax assets (Note 9)	16,219	10,867
Right-of-use assets (Note 5 and 11(a))	1,219	6,627
	20,571	20,644
	$ 1,313,196	$ 1,602,307
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6 and 12(a))	$ 996,790	$ 830,927
Income taxes payable	127,650	83,182
Government remittances payable	10,745	10,049
Deferred revenue	12,472	174,337
Due to related parties (Note 6 and 10)	92,051	94,212
Lease liabilities (Note 7)	237	8,474
	1,239,945	1,201,181
Shareholders' Equity		
Share capital (Note 8)	881	881
Foreign exchange translation reserve	(258,924)	407,146
Retained earnings (deficit)	331,294	(6,901)
	73,251	401,126
	$ 1,313,196	$ 1,602,307

Subsequent events (Note 12)

The accompanying notes form an integral part of these interim combined, consolidated financial statements

These interim combined, consolidated financial statements are approved by the Directors of Legacy Eight Ltd.:

"Adam Arviv" *signed*
Director

"Yaniv Spielberg" *signed*
Director

LottoKings Group

Interim Combined, Consolidated Statements of Income (loss) and Comprehensive Income (loss)
Three and Nine months ended September 30, 2021 and 2020
(Unaudited - Presented in United States Dollars)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue				
Lottery procurement revenue	$ 1,350,498	$ 1,298,840	$ 3,785,712	$ 3,969,690
Online casino and scratchcard revenue	320,226	302,049	745,718	632,637
	1,670,724	1,600,889	4,531,430	4,602,327
Cost of revenue				
Processing costs (Note 10)	177,786	168,415	579,365	514,270
License fees	73,798	26,051	166,155	54,279
Commissions	397,401	419,771	1,253,475	1,297,963
	648,985	614,237	1,998,995	1,866,512
Gross profit	1,021,739	986,652	2,532,435	2,735,815
Operating Expenses				
Salaries and benefits	377,620	356,055	1,109,825	887,343
Marketing expenses	107,483	77,860	462,249	195,420
Expected credit losses (recoveries)	(9,288)	352	8,227	30,599
Bank charges and fees	15,813	24,541	71,700	37,457
General and administrative (Note 10)	13,081	18,062	41,357	78,393
IT services	120,699	68,672	350,215	171,331
Interest on lease liabilities	51	414	384	1,328
Professional fees	124,281	94,326	394,546	296,379
Vehicles and travel	-	146	958	4,915
Restructuring costs	-	9,946	-	9,946
Amortization of right-of-use assets	853	5,200	5,408	43,925
	750,593	655,574	2,444,869	1,757,036
Income (loss) before undernoted items and income taxes	271,146	331,078	87,566	978,779
Other income (loss)				
Foreign exchange gain (loss)	123,718	(450,698)	341,644	(254,159)
Other loss	-	-	-	(4,978)
	123,718	(450,698)	341,644	(259,137)
Net income (loss) before income taxes	394,864	(119,620)	429,210	719,642
Income tax provision (recovery) (Note 9)				
Current	32,030	15,365	96,367	15,375
Deferred	3,206	(7,826)	(5,352)	(26,923)
	35,236	7,539	91,015	(11,548)
Net income (loss)	$ 359,628	$ (127,159)	$ 338,195	$ 731,190
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(427,930)	1,633,170	(666,070)	1,474,054
Comprehensive income (loss)	$ (68,302)	$ 1,506,011	$ (327,875)	$ 2,205,244

The accompanying notes form an integral part of these interim combined, consolidated financial statements

LottoKings Group

Interim Combined, Consolidated Statements of Changes in Shareholders' Equity (deficiency)
Three and Nine months ended September 30, 2021 and 2020
(Unaudited - Presented in United States Dollars)

	Share capital (Note 8)	Foreign currency translation reserve	Retained earnings	Total equity (deficiency)
As at December 31, 2020	$ 881	$ 407,146	$ (6,901)	$ 401,126
Net income	-	-	338,195	338,195
Other comprehensive loss	-	(666,070)	-	(666,070)
Total comprehensive income (loss)	-	(666,070)	338,195	(327,875)
As at September 30, 2021	$ 881	$ (258,924)	$ 331,294	$ 73,251
As at December 31, 2019	$ 881	$ (210,486)	$ (392,662)	$ (602,267)
Net income	-	-	731,190	731,190
Other comprehensive income	-	1,474,054	-	1,474,054
Total comprehensive income	-	1,474,054	731,190	2,205,244
As at September 30, 2020	$ 881	$ 1,263,568	$ 338,528	$ 1,602,977

The accompanying notes form an integral part of these interim combined, consolidated financial statements

LottoKings Group

Interim Combined, Consolidated Statements of Cash Flows
Nine months ended September 30, 2021 and 2020
(Unaudited - Presented in United States Dollars)

	Nine months ended September 30, 2021	2020
Operating activities		
Net income	$ 338,195	$ 731,190
Items not affecting cash:		
Deferred income tax recovery	(5,352)	(26,923)
Amortization of right-of-use assets	5,408	43,925
	$ 338,251	$ 748,192
Change in non-cash working capital:		
Decrease (increase) in due from processors	77,283	(262,001)
Increase in government remittances recoverable	(11,701)	(12,260)
(Increase) decrease in prepaid expenses and other assets	(11,715)	58,925
Increase (decrease) in accounts payable and accrued liabilities	169,817	(71,231)
Increase in income taxes payable	46,724	15,073
Increase (decrease) in government remittances payable	888	(20,832)
Increase in deferred revenue	(161,865)	(319,719)
Increase (decrease) in due to related parties	(63,662)	(1,699,907)
Cash flows provided by (used in) operating activities	384,020	(1,563,760)
Financing activity		
Repayment of lease liabilities	(6,253)	(47,271)
Cash flows used in financing activity	(6,253)	(47,271)
Effect of foreign exchange in cash	(610,032)	1,482,082
Net change in cash	(232,265)	(128,949)
Cash - beginning of period	425,415	484,521
Cash - end of period	$ 193,150	$ 355,572
Supplemental cash flow information		
Cash paid during the period for:		
Interest	$ 384	$ 1,328

The accompanying notes form an integral part of these interim combined, consolidated financial statements

1. Nature of business

LottoKings Group consists of the entities described in Note 2(b) and the group of entities are referred to as the Combined Group hereafter. The Combined Group is engaged primarily in the business of providing lottery messenger and other online gaming services through their websites to customers all over the world.

2. Significant accounting policies

(a) Statement of compliance

These interim combined, consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and using the accounting policies described herein. These interim combined, consolidated financial statements were authorized for issuance by the Directors of Legacy Eight Ltd. on December 30, 2021.

(b) Basis of presentation

These interim combined, consolidated financial statements include the following entities:

(i) Legacy Eight Curacao N.V. ("L8 Curacao"), owned 100% by Legacy Eight Ltd., a corporation incorporated in Curacao. L8 Curacao also has two wholly owned subsidiaries, Legacy Eight Malta Ltd. ("L8 Malta") and Bulleg Eight Limited ("Bulleg"), incorporated in Malta and Cyprus, respectively. These interim combined, consolidated financial statements also include the financial position and operation results of L8 Malta and Bulleg as at September 30, 2021 and December 31, 2020, and for the three and nine months periods ended September 30, 2021 and 2020;

(ii) Azteca Messenger Services S.A. de C.V. ("AZT"), a corporation incorporated in Mexico, owned 99.82% by Legacy Eight Ltd.;

(iii) Phoenix Digital Services Ltd. ("PDS"), a corporation incorporated in the United Kingdom ("UK"), was controlled by a key management personnel of Legacy Eight Ltd. as at December 31, 2020 and during the three and nine months period ended September 30, 2020. In February 2021, the key management personnel transferred 100% of the issued and outstanding common shares of PDS to Legacy Eight Ltd.. Litermi S.A. ("Litermi"), a wholly owned subsidiary of PDS, is incorporated in Uruguay and its financial position and operating results are also included in these interim combined, consolidated financial statements.

All intercompany transactions and balances have been eliminated in these interim combined, consolidated financial statements.

(c) Basis of measurement

These interim combined, consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value, as detailed in the Combined Group's accounting policies.

2. Significant accounting policies (continued)

(d) Basis of consolidation

These interim combined, consolidated financial statements include the accounts of the entities in the Combined Group and entities it controls. An entity is controlled when any entity in the Combined Group has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its returns from the entity.

(e) Functional and presentation currency

These interim combined, consolidated financial statements are presented in United States Dollars ("USD"), which is L8 Curacao's functional currency, as the majority of the financial and operating results included in these interim combined, consolidated financial statements are arising from L8 Curacao. Functional currency of other entities within the Combined Group is as follows:

Legacy Eight Malta Ltd.	Euro ("EUR")
Bulleg Eight Limited	Euro ("EUR")
Azteca Messenger Services S.A. de C.V.	Mexican Peso ("MXN")
Phoenix Digital Services Ltd.	Great Britain Pound ("GBP")
Litermi S.A.	Uruguayan Peso ("UYU")

(f) Use of estimates and judgments

The preparation of these interim combined, consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the interim combined, consolidated financial statements. In the process of applying the Combined Group's accounting policies, management has made the following significant estimates and judgments, which have the most significant impact on the amounts recognized in the interim combined, consolidated financial statements:

(i) Impairment of financial assets

The Combined Group measures impairment losses on financial assets that are subsequently measured at amortized cost. Impairment losses are measured based on the expected credit loss ("ECL") model in accordance with IFRS 9, *Financial Instruments*. The twelve-month or lifetime expected default rates are estimated by management in calculating the expected credit losses.

(ii) Revenue recognition

Under IFRS 15, *Revenue from contracts with customers*, management is required to determine when the control of services or goods are transferred to customers and estimate the variable considerations included in the contracts. Management exercise judgment in determining the point in time control of services or goods are transferred and applies estimates based on information available at each reporting date in determining the amount of variable consideration. Management also applied judgment in determining whether the Combined Group acts as principal or agent in its revenue contracts with customers by assessing if the Combined Group controls the good or service to be transferred to the customer. See Note 2(h).

2. Significant accounting policies (continued)

(f) Use of estimates and judgments (continued)

(iii) Leases

Under IFRS 16*, Leases,* the Combined Group is required to recognize the lease liabilities at the inception of all leases where the entity is a lessee. The lease liability is calculated by discounting all future lease payments required under the lease. The management uses judgment in determining whether it is reasonably certain to exercise the renewal option, if any. The management also estimates the appropriate discount rates used for its leases as described in Note 2(g). Changes in any of these estimates may alter the value of the lease liability.

(iv) Amortization of non-financial assets

Amortization of property and equipment and right-of-use assets are dependent upon estimates of the useful lives of these assets and the selection of the amortization method based on management's judgment.

(v) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Combined Group reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(vi) Determination of functional currencies

When assessing the functional currency for each entity within the Combined Group, management applied judgment in selecting the relevant factors in concluding the appropriate functional currency.

(g) Leases

In lease arrangements where the Combined Group is a lessee, right-of-use asset and lease liabilities are recognized at the inception of the leases, except for short-term leases and leases of low-value assets. The lease liability is measured at the present value of the future fixed lease payments, discounted using the incremental borrowing rate of the lessee entity at the commencement date of the lease, or transition date of IFRS if the lease was entered into prior to the transition date. Lease liabilities are subsequently measured at amortized cost with interest expense recognized using the aforementioned discount rate. The associated right-of-use assets are measured at the initial amount of the lease liability, adjusted for any prepayments. Subsequently, the right-of-use assets are amortized on a straight-line basis over the term of the lease.

2. Significant accounting policies (continued)

(h) Revenue recognition

The Combined Group generates lottery procurement revenue from two streams: the Messenger stream where the Combined Group acts as agent in the transaction and procures lottery tickets on behalf of customers; and the Syndication stream where the customers enter into a betting pool to bet at the winning combination of lotteries. Under the Syndication stream, the physical lottery tickets are not purchased.

Under the Messenger Stream, the Combined Group recognizes revenue at an amount net of lottery procurement costs and applicable agency fees. The Combined Group is considered an agent under this stream of revenue. Revenue is recognized when the physical lottery ticket is purchased and the control of the lottery ticket is transferred to customers simultaneously.

Revenue under the Syndication stream is recognized when control of the services are transferred to the customers. The control of the services are transferred to the customers when the customers have accepted the terms and conditions of the play and entered into the betting pool after payment is made. The revenue is recognized at an amount equal to the transaction price, net of insurance costs and prizes payable, if any.

Refunds might be granted to customers from time to time for revenue from lottery procurement, once a refund request is initiated by a customer, the Combined Group will investigate the case and refund might be approved after such investigation. Liabilities for refund are accrued at each reporting date and netted against due from processors balance on the interim combined, consolidated statements of financial position. Refund liabilities are estimated based on a trending historical rate of return as a percentage of revenue; such rate is updated at each reporting date to reflect information available at that point in time.

Casino and scratchcard revenue is recognized at an amount net of the prizes, which are won instantly by customers after the "Play" or an equivalent button is clicked. The revenue is recognized when such button is clicked by customers, which is considered to be the point in time of which performance obligation is met.

For all of the above revenue streams, payment by customers were made at the point of revenue recognition, and such payments are expected to be collected from various payment processors subsequently. Considerations received in advance of satisfaction of performance obligations are recognized as deferred revenue on the interim combined, consolidated statements of financial position.

The Combined Group also incurs commissions and marketing expenses in obtaining contracts with customers, such incremental costs are recognized in the interim combined, consolidated statements of income (loss) and comprehensive income (loss) when incurred, as the amortization periods of the costs are less than 12 months.

2. Significant accounting policies (continued)

(i) Income taxes

Current tax assets and/or liabilities comprise those claims from, or obligations to the taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the interim combined, consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Combined Group has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of the income tax provision (recovery) in profit or loss, except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity, respectively.

(j) Foreign currency translations

Foreign currency transactions are translated into an entity's functional currency at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rate in effect at the interim combined, consolidated statements of financial position dates. Foreign exchange gains and losses are included in the interim combined, consolidated statements of income (loss) and comprehensive income (loss).

The assets and liabilities of individual entities with functional currency other than USD are translated into USD at exchange rates on the date of the interim combined, consolidated statements of financial position. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in foreign currency translation reserve and accumulated in equity.

(k) Financial instruments

The Combined Group aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

The Corporation's accounting policy for each class is as follows:

(i) Fair value through profit or loss

Financial instruments classified as measured at fair value through profit or loss are reported at fair value at each reporting date, and any change in fair value is recognized in the interim combined, consolidated statement of income (loss) and comprehensive income (loss) in the period during which the change occurs. In these interim combined, consolidated financial statements, cash has been classified as a financial asset subsequently measured at fair value through profit or loss.

2. Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Amortized cost

This category includes financial assets that are held within a business model with the objective of holding the financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Unless they meet certain exceptions, all financial liabilities are classified as subsequently measured at amortized cost.

Financial instruments classified in this category are measured at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. In these interim combined, consolidated financial statements, amounts due from processors, amounts due from related parties, accounts payable and accrued liabilities, amounts due to related party and lease liabilities have been classified as financial instruments measured at amortized cost.

(iii) Impairment of financial assets

For financial assets measured at amortized cost, the Combined Group recognizes loss allowances for ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Combined Group applies the simplified approach in calculating ECLs for amounts due from processors. Under the simplified approach, the Corporation recognizes a loss allowance based on lifetime ECLs at each reporting date and does not track changes in credit risk for amounts due from processors.

(iv) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the interim combined, consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iv) Fair value hierarchy

All financial instruments measured at fair value after initial recognition are categorized into one of three hierarchy levels for disclosure purposes. Each level reflects the significance of the inputs used in making the fair value measurements.

• Level 1: Fair value is determined by reference to quoted (unadjusted) prices in active markets for identical assets or liabilities. Cash is included in this category.
• Level 2: Valuations use inputs based on observable market data, either directly or indirectly, other than the quoted prices.
• Level 3: Valuations are based on inputs that are not based on observable market data.

(Unaudited - Presented in United States Dollars)

2. Significant accounting policies (continued)

(l) Provisions and contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed. The provisions are measured based on management's best estimates of the outcome on the basis of facts known at the reporting date.

(m) Future accounting pronouncements

The Combined Group has evaluated the impact of future accounting pronouncements and does not expect them to have a material impact on its interim combined, consolidated financial statements.

3. Due from processors

Due from processors consists of the following:

	September 30, 2021	December 31, 2020
Due from processors	$ 1,126,850	$ 1,218,800
Less: chargebacks and reversals	(87,271)	(108,177)
Less: expected credit losses	(179,298)	(173,059)
	$ 860,281	$ 937,564

Chargebacks and reversals payable to processors are netted against amounts due from processors as there is legally enforceable right to settle the amounts with processors on a net basis, and management has the intention to settle the balances on a net basis.

(Unaudited - Presented in United States Dollars)

4. Right-of-use assets

Litermi leases office premises and computer equipment in the normal course of operations. The office premises lease commenced in June 2018, and lasts for two years with a three-year renewal option. Litermi assessed that it was reasonably certain to exercise the renewal option when it entered into the lease. However, during the nine months period ended September 30, 2020, Litermi reassessed its expectation of exercising the renewal option due to the global outbreak of COVID-19, and determined that it no longer intends to exercise the renewal option under the lease. The computer equipment leases have lease terms between 26 to 33 months with no renewal options.

A continuity of the right-of-use assets is as following:

Cost		
Balance as at December 31, 2019	$	412,655
Adjustment due to change in expected lease term		(255,226)
Write-off		(111,315)
As at December 31, 2020 and September 30, 2021	$	46,114
Accumulated amortization		
Balance as at December 31, 2019	$	101,678
Additions		49,124
Write-off		(111,315)
As at December 31, 2020		39,487
Additions		5,408
As at September 30, 2021	$	44,895
Net book value		
As at December 31, 2020		6,627
As at September 30, 2021	$	1,219

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of the following:

		September 30, 2021		December 31, 2020
Trade payables	$	452,945	$	512,167
Customer claims payable		98,746		25,662
Payroll accrual		57,754		73,486
Accrued expenses		387,345		219,612
	$	996,790	$	830,927

(Unaudited - Presented in United States Dollars)

6. Due to related parties

The amounts due to related parties balance consists of the following:

		September 30, 2021		December 31, 2020
WestOcean S.A.	$	74,166	$	76,051
Former shareholder of PDS (a)		17,885		18,161
	$	92,051	$	94,212

(a) The former shareholder of PDS sold all of his shares in PDS to Legacy Eight Ltd., parent corporation of L8 Curacao in February 2021. The former shareholder of PDS is also the corporate secretary of Legacy Eight Group Ltd., the parent corporation of Legacy Eight Ltd.

The due to related party balances relate to amounts owed for funds provided for working capital needs by the related parties. These balances are non-interest bearing with no fixed term of repayment.

As of September 30, 2021 and December 31, 2020, balances due from related parties and due to related parties have been netted off in the interim combined, consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts.

(Unaudited - Presented in United States Dollars)

6. Due to related parties (continued)

The following table illustrates netting of balances due to and due from related parties:

	Ledonford Limited	Legacy Eight Group Ltd.	R.S. Real World Services Limited	WestOcean S.A.	Former shareholder of PDS	Total
As at September 30, 2021						
Due from related party	$ 1,188,066	$ 833,796	$ 896,306	$ 9,626,910	$ -	$ 12,545,078
Due to related party	-	(108,507)	(37,989)	(12,472,748)	(17,885)	(12,637,129)
Balance offset per Debt Offset Agreement	(1,188,066)	(725,289)	(858,317)	2,771,672	-	-
Net balance	$ -	$ -	$ -	$ (74,166)	$ (17,885)	$ (92,051)
As at December 31, 2020						
Due from related party	$ 1,191,808	$ 554,888	$ 887,036	$ 9,887,683	$ -	$ 12,521,415
Due to related party	-	(63,110)	(38,948)	(12,495,408)	(18,161)	(12,615,627)
Balance offset per Debt Offset Agreement	(1,191,808)	(491,778)	(848,088)	2,531,674	-	-
Net balance	$ -	$ -	$ -	$ (76,051)	$ (18,161)	$ (94,212)

(Unaudited - Presented in United States Dollars)

7. Lease liabilities

Balance as at December 31, 2019	$	322,042
Adjustment due to change in expected lease term		(255,226)
Lease payments		(59,381)
Interest expenses		1,941
Effect of currency conversion difference		(902)
Balance as at December 31, 2020, current	$	8,474
Lease payments		(6,637)
Interest expenses		384
Effect of currency conversion difference		(1,984)
Balance as at September 30, 2021, current	$	237

The lease liabilities were initially calculated by discounting the future minimum lease payments under the lease using Litermi's incremental borrowing rate at 5.8%. In January 2020, the lease liabilities were recalculated when management's expectation in exercising the renewal option changed. The lease liabilities were remeasured using a discount rate of 4.5%, which represents Litermi's incremental borrowing rate at that date.

8. Share capital

Authorized

Legacy Eight Curacao N.V.	Unlimited number of common shares
Azteca Messenger Services S.A. de C.V.	Unlimited number of common shares
Phoenix Digital Services Ltd.	Unlimited number of ordinary shares

Issued

			September 30, 2021		December 31, 2020
L8 Curacao	20 Common share	$	23	$	23
AZT	10,000 Common shares		857		857
PDS	1 Ordinary share		1		1
		$	881	$	881

The common shares of L8 Curacao have a par value of $1 (EURO €1) per share. The ordinary share of PDS has a par value of $1 (GBP £1) per share. The common shares of AZT have a par value of $0.0857 (MXN $1) per share.

9. Income taxes

The reconciliation between the income tax expense (recovery) and the accounting loss multiplied by the statutory income tax rates in corresponding tax jurisdictions is as follows:

	Three months ended September 30,				Nine months ended September 30,			
		2021		2020		2021		2020
Net income (loss) before income taxes	$	394,864	$	(119,620)	$	429,210	$	719,642
Expected income tax expense (recovery) based on statutory tax rates		31,642		6,305		82,675		(14,471)
Deferred income tax assets arising from losses available to carry forward not recognized		3,970		(11,153)		5,087		(607)
Tax effect from permanent differences		(376)		12,387		3,253		3,530
Income tax expense (recovery)	$	35,236	$	7,539	$	91,015	$	(11,548)

(Unaudited - Presented in United States Dollars)

9. Income taxes (continued)

The statutory tax rates for the entities in the Combined Group are as follows:

Entity	Jurisdiction	2021	2020
L8 Curacao	Curacao	2%	2%
L8 Malta	Malta	35%	35%
Bulleg	Cyprus	12.5%	12.5%
AZT	Mexico	30%	30%
PDS	United Kingdom	19%	19%
Litermi	Uruguay	25%	25%

The Combined Group's income tax expense is allocated as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Current income tax expense	$ 32,030	$ 15,365	$ 96,367	$ 15,375
Deferred income tax recovery	3,206	(7,826)	(5,352)	(26,923)
Income tax expense (recovery)	$ 35,236	$ 7,539	$ 91,015	$ (11,548)

The Combined Group's deferred income tax asset arises from non-capital losses carried forward from previous periods.

The deferred income tax assets are recognized only to the extent that the specific entity will have future taxable profits available against which the unused tax losses can be utilized. Change in deferred income tax assets is as follows:

	Nine months ended September 30, 2021	Year ended December 31, 2020
Balance at the beginning of the period	$ 10,867	$ 23,295
Deferred income tax recovery (expense) recognized from losses available for carryforward	5,352	(12,428)
Balance at the end of the period	$ 16,219	$ 10,867

As at September 30, 2021 and December 31, 2020, the Combined Group has the following unused tax losses for future uses, for which no deferred income tax asset was recognized:

	Expiry	September 30, 2021	December 31, 2020
Unused tax losses in Malta	Indefinitely	$ 5,213	$ 6,078
Unused tax losses in Cyprus	2026	18,258	-
		$ 23,471	$ 6,078

10. Related party balances and transactions

During the three and nine months periods ended September 30, 2021, the Combined Group (the group of entities described in Note 2(b)) had the following related party transactions:

Related party transactions between L8 Curacao and Ledonford Limited:

During the three and nine months periods ended September 30, 2021, L8 Curacao incurred $Nil and $3,952 (three and nine months periods ended September 30, 2020 - $3,905 and $11,211) for payment processing services provided by Ledonford Limited, an entity that is under common control. The amount is included in processing costs on the interim combined, consolidated statement of income (loss) and comprehensive income (loss). As at September 30, 2021, no balance was outstanding for the amount incurred (December 31, 2020 - $15,149).

Related party transactions between L8 Curacao and R.S Real World Services Limited:

During the three and nine months periods ended September 30, 2021, L8 Curacao incurred $7,049 and $21,455 (three and nine months periods ended September 30, 2020 - $7,101 and $20,384) for payment processing services provided by R.S. Real World Services Limited, an entity that is under common control. The amount is included in processing costs on the interim combined, consolidated statement of income (loss) and comprehensive income (loss). As at September 30, 2021, no balance was outstanding for the amount incurred (December 31, 2020 - $27,543).

Related party transactions between L8 Curacao and Legacy Eight Group:

During the three and nine months ended September 30, 2021, L8 Curacao advanced an additional $81,000 and $279,000, respectively, to Legacy Eight Group Ltd. (three and nine months ended September 30, 2020 - $22,000 and $146,000). During the three and nine months ended September 30, 2021, advances to Legacy Eight Group Ltd. reduced by $Nil and increased by $45,000 (three and nine months ended September 30, 2020 - $Nil and $Nil) due to repayment and additional advance taken by PDS, respectively.

Related party transactions between L8 Curacao and WestOcean S.A.:

During the three and nine months periods ended September 30, 2020, L8 Curacao received payment processing and marketing services from WestOcean S.A., and entity under common control, for which no consideration was charged by WestOcean S.A. There were no such services provided by WestOcean S.A. during the three and nine months periods ended September 30, 2021.

(Unaudited - Presented in United States Dollars)

10. Related party balances and transactions (continued)

The following table illustrates the compensation incurred to key management personnel during the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Chief Executive Officer (a)	$ 75,000	$ 50,000	$ 225,000	$ 100,015
Chief Operating Officer (b)	34,447	25,861	103,885	88,896
Chief Marketing Officer (c)	27,558	48,489	83,108	111,524
Chief Financial Officer (b)	22,500	22,500	67,500	67,500

(a) The Chief Executive Officer ("CEO") joined the Combined Group in August 2020, and is on contract for $25,000 per month, the CEO's compensation was paid for by L8 Curacao and AZT's ultimate parent corporation, Legacy Eight Group Ltd. The expenses were not recorded in the interim combined, consolidated statement of income (loss) and comprehensive income (loss).

(b) Compensations incurred to the Chief Operating Officer and Chief Financial Officer were included in salaries and benefits in the interim combined, consolidated statement of income (loss) and comprehensive income (loss).

(c) The Chief Marketing Officer's ("CMO") compensation is included in professional fees during the three and nine months ended September 30, 2021 and in salaries and benefits during three and nine months ended September 30, 2020 on interim combined, consolidated statements of income (loss) and comprehensive income (loss). The former CMO of the Combined Group was an employee of PDS and was terminated in November 2020, and the current CMO is a contractor of the Combined Group.

11. Financial instruments

The significant financial risks to which the Corporation is exposed are liquidity, credit, and currency risk.

(a) Liquidity risk

Liquidity risk is the risk that the Combined Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by cash or another financial asset. The primary sources of liquidity risk are accounts payable and accrued liabilities, lease liabilities and amounts due to related party. The Combined Group's ability to meet its obligations depends on the receipt of funds from its operations. Management monitors its working capital to ensure the obligations under current liabilities are met on timely basis.

As at September 30, 2021 and December 31, 2020, all of the Combined Group's financial liabilities and lease liabilities are due within 12 months from the date of interim combined, consolidated statements of financial position.

(Unaudited - Presented in United States Dollars)

11. Financial instruments (continued)

(b) 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 Combined Group’s main credit risk relates to its amounts due from processors balance. The Combined Group does not provides credit to its customers, however, the credit risks arise as the payments might not be collectible from processors. The maximum credit risk is the carrying value of the amounts due from processors. As at September 30, 2021, 74% (December 31, 2020 - 64%) of the amounts due from processors balance is owing from four processors (December 31, 2020 - three processors).

The Combined Group has applied the simplified approach to providing for expected credit losses, which permits the use of a lifetime expected credit loss provision for all amounts due from processors balances, which are of similar nature to trade receivables. To measure the expected credit losses, a full allowance is provided for a processor balance when there is doubt about the processor's future capacity to fulfill its payment obligations. For the remaining amounts due from processor balances, each processors' ability of fulfilling the payments in the future are evaluated specifically based on the information available on the date of the combined, consolidated statements of financial position. The loss allowances at September 30, 2021 and December 31, 2020 were determined as follows for amounts due from processors balances based upon the Corporation's historical default rates over the expected life of the balances, adjusted for forward looking estimates.

Due from processors, net consists of the following:

	September 30, 2021	December 31, 2020
Carrying amount, net of refund liability	$ 1,039,579	$ 1,110,623
Lifetime expected loss	(179,298)	(173,059)
Due from processors	$ 860,281	$ 937,564

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from financial instruments, primarily cash, amounts due from processors, amounts due from related parties, accounts payable and accrued liabilities ("Accounts payable") and amounts due to related party, denominated in a currency other than the functional currency of the entity. All entities included in these combined, consolidated financial statements do not use derivative financial instruments to manage its currency risk. As at September 30, 2021, a 5% appreciation (depreciation) of foreign currencies against USD will result in decrease (increase) in income and comprehensive income of $27,869 for the three and nine months ended September 30, 2021 (Three and nine months ended September 30, 2020 - $46,642).

(Unaudited - Presented in United States Dollars)

11. Financial instruments (continued)

(c) Currency risk (continued)

As at September 30, 2021 and December 31, 2020, the following balances were denominated in currencies other than USD:

Financial instruments	Foreign Currency	September 30, 2021	December 31, 2020
		In USD	In USD
Cash	EUR	$ 94,429	$ 44,545
Cash	MXN	16,983	196,565
Cash	GBP	13,710	19,485
Cash	UYU	1,397	1,418
Due from processors	MXN	298,294	307,972
Due from processors	EUR	171,109	145,459
Due from processors	BRL*	80,441	59,607
Due from processors	COP*	128,252	48,196
Due from processors	CNY*	121,654	238,173
Accounts payable	GBP	30,637	10,363
Accounts payable	EUR	94,362	191,371
Accounts payable	UYU	238,197	171,716

*BRL - Brazilian Real
COP - Columbian Peso
CNY - Chinese Yuan

(d) Capital management

The Combined Group's objective when managing capital is ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans. For the purpose of capital management, capital includes shareholders' equity of $73,252 (December 31, 2020 - $401,126). The Combined Group manages its capital structure and adjust it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Combined Group might obtain financing from its parent company, through additional capital contributions or debt financing. Each entity in the Combined Group is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis.

12. Subsequent events

On December 2, 2021, the entities within the Combined Group entered into a Debt Offset Agreement with related parties to offset the balances due from related parties and due to related parties. The agreement provides the parties with a legal enforceable right to offset the recognized amounts with an effective date of April 7, 2017. Accordingly, these interim combined, consolidated financial statements have presented the balances due from related parties and due to related parties on a net basis. The financial impact of the agreement has been disclosed in Note 6 of these interim combined, consolidated financial statements.

13. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Combined Group's environment and in the global markets, disruption in supply chains, and measures introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Combined Group's future operations and financial results.

The Combined Group cannot estimate the length and gravity of the COVID-19 pandemic. The Combined Group is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

While the continuing development of the pandemic presents uncertainty over future revenues and financing abilities, management expects the Combined Group will have adequate cash flow to fund its operations during this crisis through existing revenue and financing sources that have confirmed their funding intentions and tight controls over operating expenses.

(Unaudited - Presented in United States Dollars)

14. Geographic information

The Combined Group has only one reportable segment being the L8 Curacao. The geographic segmentation of the Combined Group's revenues is as follows:

	Mexico	Argentina	Chile	Brazil	Colombia	Other Latin American countries (a)	Other (a)	Total
Three months ended September 30, 2021								
Lottery procurement revenue	$ 270,100	$ 54,020	$ 81,030	$ 54,020	$ 67,525	$ 256,595	$ 567,209	$ 1,350,498
Online casino and scratchcard revenue	54,438	38,427	35,225	41,629	-	147,304	3,202	320,226

	Mexico	Argentina	Chile	Brazil	Colombia	Other Latin American countries (a)	Other (a)	Total
Nine months ended September 30, 2021								
Lottery procurement revenue	$ 832,857	$ 151,428	$ 265,000	$ 151,428	$ 189,286	$ 681,428	$ 1,514,285	$ 3,785,712
Online casino and scratchcard revenue	134,229	96,943	82,029	82,029	-	298,287	52,200	745,718

	Mexico	Argentina	Chile	Brazil	Colombia	Other Latin American countries (a)	Other (a)	Total
Three months ended September 30, 2020								
Lottery procurement revenue	$ 272,756	$ 51,954	$ 77,930	$ 38,965	$ 77,930	$ 272,756	$ 506,548	$ 1,298,840
Online casino and scratchcard revenue	48,328	9,061	18,123	33,225	-	178,209	15,102	302,049

	Mexico	Argentina	Chile	Brazil	Colombia	Other Latin American countries (a)	Other (a)	Total
Nine months ended September 30, 2020								
Lottery procurement revenue	$ 873,332	$ 198,485	$ 238,181	$ 158,788	$ 238,181	$ 754,241	$ 1,508,482	$ 3,969,690
Online casino and scratchcard revenue	107,548	37,958	31,632	56,937	-	341,624	56,937	632,637

(a) "Other Latin American countries" and "Other" categories represent Latin American and non-Latin American countries with insignificant revenue which have been grouped together.

LottoKings Group

Combined, Consolidated Financial Statements

Years ended December 31, 2020 and 2019

(Presented in United States Dollars)

LottoKings Group
Combined, Consolidated Financial Statements
Years ended December 31, 2020 and 2019
(Presented in United States Dollars)

Contents

Baker Tilly WM LLP
1500 – 401 Bay St.
Toronto, Ontario
Canada M5H 2Y4
T: +1 416.368.7990
F: +1 416.368.0886

toronto@bakertilly.ca
www.bakertilly.ca

Independent Auditor's Report

To the Directors of Legacy Eight Ltd.

Opinion

We have audited the combined, consolidated financial statements of Legacy Eight Curacao N.V. and its subsidiaries, Azteca Messenger Services S.A. de C.V. and Phoenix Digital Services Ltd. and its subsidiary, (together "Lottokings Group" or the "Combined Group"), which comprise the combined, consolidated statements of financial position as at December 31, 2020, December 31, 2019 and January 1, 2019 and the combined, consolidated statements of income and comprehensive income, combined, consolidated statements of changes in shareholders' equity (deficiency) and combined, consolidated statements of cash flows for the years ended December 31, 2020 and December 31, 2019, and notes to the combined, consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined, consolidated financial statements present fairly, in all material respects, the combined, consolidated financial position of the Combined Group as at December 31, 2020, December 31, 2019 and January 1, 2019, and its combined, consolidated financial performance and its combined, consolidated cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined, Consolidated Financial Statements* section of our report. We are independent of the Combined Group in accordance with the ethical requirements that are relevant to our audit of the combined, consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Combined, Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the combined, consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of combined, consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined, consolidated financial statements, management is responsible for assessing the Combined Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Combined Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Combined Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Combined, Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined, consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined, consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined, consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the combined, consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Combined Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined, consolidated financial statements, including the disclosures, and whether the combined, consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Combined Group to express an opinion on the combined, consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
December 30, 2021

LottoKings Group

Combined, Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Presented in United States Dollars)

	December 31, 2020	December 31, 2019	January 1, 2019 (Note 2(b))
Assets			
Current			
Cash	$ 425,415	$ 484,521	$ 427,431
Due from processors, net (Note 3 and 11(b))	937,564	1,054,462	1,551,662
Government remittances recoverable	87,637	73,958	28,768
Prepaid expenses and other assets	131,047	191,323	197,470
Income taxes recoverable	-	21,988	71,751
	1,581,663	1,826,252	2,277,082
Non-current			
Property and equipment	3,150	3,333	9,132
Deferred income tax assets (Note 9)	10,867	23,295	-
Right-of-use assets (Note 4)	6,627	310,977	397,972
	20,644	337,605	407,104
	$ 1,602,307	$ 2,163,857	$ 2,684,186
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 5 and 11(a))	$ 830,927	$ 987,492	$ 1,465,665
Income taxes payable	83,182	29,589	37,868
Government remittances payable	10,049	35,563	26,984
Deferred revenue	174,337	581,636	582,319
Due to related parties (Note 6 and 10)	94,212	809,802	2,455,230
Current portion of lease liabilities (Note 7)	8,474	98,172	87,636
	1,201,181	2,542,254	4,655,702
Lease liabilities (Note 7)	-	223,870	310,336
	1,201,181	2,766,124	4,966,038
Shareholders' Equity (deficiency)			
Share capital (Note 8)	881	881	881
Foreign exchange translation reserve	407,146	(210,486)	(68,889)
Retained earnings (deficit)	(6,901)	(392,662)	(2,213,844)
	401,126	(602,267)	(2,281,852)
	$ 1,602,307	$ 2,163,857	$ 2,684,186

Subsequent events (Note 12)

The accompanying notes form an integral part of these combined, consolidated financial statements

These combined, consolidated financial statements are approved by the Directors of Legacy Eight Ltd.:

"Adam Arviv" *signed* — Director

"Yaniv Spielberg" *signed* — Director

LottoKings Group

Combined, Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2020 and 2019

(Presented in United States Dollars)

	2020	2019
Revenue		
Lottery procurement revenue	$ 5,328,890	$ 7,819,744
Online casino and scratchcard revenue	829,506	602,972
Other revenue	-	8,286
	6,158,396	8,431,002
Cost of revenue		
Processing costs (Note 10)	726,500	884,168
License fees	96,692	59,085
Commissions	1,761,034	2,934,305
	2,584,226	3,877,558
Gross profit	3,574,170	4,553,444
Operating Expenses		
Salaries and benefits	1,311,779	728,344
Marketing expenses	244,011	887,084
Expected credit losses	53,700	76,859
Bank charges and fees	58,187	14,892
General and administrative (Note 10)	88,344	184,763
IT services	266,459	239,671
Interest on lease liabilities	1,941	19,509
Professional fees	404,795	466,863
Vehicles and travel	9,837	33,932
Restructuring costs	9,699	-
Amortization of right-of-use assets	49,124	101,678
Amortization of property and equipment	-	5,922
	2,497,876	2,759,517
Income before undernoted items and income taxes	1,076,294	1,793,927
Other income (loss)		
Foreign exchange gain (loss)	(614,276)	75,927
Other income (loss)	10,670	(5,906)
	(603,606)	70,021
Net income before income taxes	472,688	1,863,948
Income tax provision (recovery) (Note 9)		
Current	74,499	66,061
Deferred	12,428	(23,295)
	86,927	42,766
Net income	$ 385,761	$ 1,821,182
Other comprehensive income (loss)		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	617,632	(141,597)
Comprehensive income	$ 1,003,393	$ 1,679,585

The accompanying notes form an integral part of these combined, consolidated financial statements

LottoKings Group

Combined, Consolidated Statements of Changes in Shareholders' Equity (deficiency)
Years ended December 31, 2020 and 2019
(Presented in United States Dollars)

	Share capital (Note 8)	Foreign currency translation reserve	Deficit	Total equity (deficiency)
As at January 1, 2019, upon adoption of IFRS	$ 881	$ (68,889)	$ (2,213,844)	$ (2,281,852)
Net income	-	-	1,821,182	1,821,182
Other comprehensive loss	-	(141,597)	-	(141,597)
Total comprehensive income (loss)	-	(141,597)	1,821,182	1,679,585
As at December 31, 2019	$ 881	$ (210,486)	$ (392,662)	$ (602,267)
Net income	-	-	385,761	385,761
Other comprehensive income	-	617,632	-	617,632
Total comprehensive income	-	617,632	385,761	1,003,393
As at December 31, 2020	$ 881	$ 407,146	$ (6,901)	$ 401,126

The accompanying notes form an integral part of these combined, consolidated financial statements

LottoKings Group

Combined, Consolidated Statements of Cash Flows
Years ended December 31, 2020 and 2019
(Presented in United States Dollars)

	2020	2019
Operating activities		
Net income	$ 385,761	$ 1,821,182
Items not affecting cash:		
Deferred income tax expense (recovery)	12,428	(23,295)
Amortization of right-of-use assets	49,124	101,678
Amortization of property and equipment	-	5,922
	$ 447,313	$ 1,905,487
Change in non-cash working capital:		
Decrease in due from processors	116,898	497,200
Increase in government remittances recoverable	(17,484)	(47,118)
Decrease (increase) in prepaid expenses and other assets	53,162	(2,138)
Decrease in accounts payable and accrued liabilities	(148,622)	(476,882)
Income taxes recovered	74,085	46,798
(Decrease) increase in government remittances payable	(23,887)	8,562
Decrease in deferred revenue	(407,299)	(683)
Decrease in due to related parties	(713,142)	(1,642,368)
Cash flows provided by (used in) operating activities	(618,976)	288,858
Financing activity		
Repayment of lease liabilities	(57,440)	(89,923)
Cash flows used in financing activity	(57,440)	(89,923)
Effect of foreign exchange in cash	617,310	(141,845)
Net change in cash	(59,106)	57,090
Cash - beginning of year	484,521	427,431
Cash - end of year	$ 425,415	$ 484,521

Supplemental cash flow information		
Cash paid during the year for:		
Interest	$ 1,941	$ 19,509

The accompanying notes form an integral part of these combined, consolidated financial statements

1. Nature of business

LottoKings Group consists of the entities described in Note 2(b) and the group of entities are referred to as the Combined Group hereafter. The Combined Group is engaged primarily in the business of providing lottery messenger and other online gaming services through their websites to customers all over the world.

2. Significant accounting policies

(a) Statement of compliance

These combined, consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and using the accounting policies described herein. These financial statements were authorized for issuance by the Directors of Legacy Eight Ltd. on December 30, 2021.

(b) Basis of presentation

These combined, consolidated financial statements include the following entities:

(i) Legacy Eight Curacao N.V. ("L8 Curacao"), owned 100% by Legacy Eight Ltd., a corporation incorporated in Curacao. L8 Curacao also has two wholly owned subsidiaries, Legacy Eight Malta Ltd. ("L8 Malta") and Bulleg Eight Limited ("Bulleg"), incorporated in Malta and Cyprus, respectively. These combined, consolidated financial statements also include the financial position and operation results of L8 Malta and Bulleg as at and for the years ended December 31, 2020 and 2019;

(ii) Azteca Messenger Services S.A. de C.V. ("AZT"), a corporation incorporated in Mexico, owned 99.82% by Legacy Eight Ltd.;

(iii) Phoenix Digital Services Ltd. ("PDS"), a corporation incorporated in the United Kingdom ("UK"), was controlled by a key management personnel of Legacy Eight Ltd. as at January 1, 2019 and during the years ended December 31, 2020 and 2019. Subsequent to December 31, 2020, the key management personnel transferred 100% of the issued and outstanding common shares of PDS to Legacy Eight Ltd. (Note 12). Litermi S.A. ("Litermi"), a wholly owned subsidiary of PDS, is incorporated in Uruguay and its financial position and operating results are also included in these combined, consolidated financial statements.

All intercompany transactions and balances have been eliminated in these combined, consolidated financial statements.

These are the Combined Group's first financial statements prepared in accordance with IFRS for the year ended December 31, 2020 with comparative combined, consolidated financial statements for the year ended December 31, 2019, and IFRS 1, *First-time Adoption of IFRS* ("IFRS 1") has been applied on January 1, 2019 ("Transition Date"). The Combined Group has never prepared combined, consolidated financial statements previously.

(c) Basis of measurement

These combined, consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value, as detailed in the Combined Group's accounting policies.

2. Significant accounting policies (continued)

(d) Basis of consolidation

These combined, consolidated financial statements include the accounts of the entities in the Combined Group and entities it controls. An entity is controlled when any entity in the Combined Group has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its returns from the entity.

(e) Functional and presentation currency

These combined, consolidated financial statements are presented in United States Dollars ("USD"), which is L8 Curacao's functional currency, as the majority of the financial and operating results included in these combined, consolidated financial statements are arising from L8 Curacao. Functional currency of other entities within the Combined Group is as follows:

Legacy Eight Malta Ltd.	EURO ("EUR")
Bulleg Eight Limited	EURO ("EUR")
Azteca Messenger Services S.A. de C.V.	Mexican Peso ("MXN")
Phoenix Digital Services Ltd.	Great Britain Pound ("GBP")
Litermi S.A.	Uruguayan Peso ("UYU")

(f) Use of estimates and judgments

The preparation of these combined, consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the combined, consolidated financial statements. In the process of applying the Combined Group's accounting policies, management has made the following significant estimates and judgments, which have the most significant impact on the amounts recognized in the combined, consolidated financial statements:

(i) Impairment of financial assets

The Combined Group measures impairment losses on financial assets that are subsequently measured at amortized cost. Impairment losses are measured based on the expected credit loss ("ECL") model in accordance with IFRS 9, *Financial Instruments*. The twelve-month or lifetime expected default rates are estimated by management in calculating the expected credit losses.

(ii) Revenue recognition

Under IFRS 15, *Revenue from contracts with customers*, management is required to determine when the control of services or goods are transferred to customers and estimate the variable considerations included in the contracts. Management exercise judgment in determining the point in time control of services or goods are transferred and applies estimates based on information available at each reporting date in determining the amount of variable consideration. Management also applied judgment in determining whether the Combined Group acts as principal or agent in its revenue contracts with customers by assessing if the Combined Group controls the good or service to be transferred to the customer. See Note 2(h).

2. Significant accounting policies (continued)

(f) Use of estimates and judgments (continued)

(iii) Leases

Under IFRS 16*, Leases,* the Combined Group is required to recognize the lease liabilities at the inception of all leases where the entity is a lessee. The lease liability is calculated by discounting all future lease payments required under the lease. The management uses judgment in determining whether it is reasonably certain to exercise the renewal option, if any. The management also estimates the appropriate discount rates used for its leases as described in Note 2(g). Changes in any of these estimates may alter the value of the lease liability.

(iv) Amortization of non-financial assets

Amortization of property and equipment and right-of-use assets are dependent upon estimates of the useful lives of these assets and the selection of the amortization method based on management's judgment.

(v) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Combined Group reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(vi) Determination of functional currencies

When assessing the functional currency for each entity within the Combined Group, management applied judgment in selecting the relevant factors in concluding the appropriate functional currency.

(g) Leases

In January 2016, the International Accounting Standards Board issued IFRS 16, *Leases*, which replaced IAS 17, *Leases*. The Combined Group has adopted IFRS 16, *Leases* at the Transition Date (January 1, 2019) in these combined, consolidated financial statements.

In lease arrangements where the Combined Group is a lessee, right-of-use asset and lease liabilities are recognized at the inception of the leases, except for short-term leases and leases of low-value assets. The lease liability is measured at the present value of the future fixed lease payments, discounted using the incremental borrowing rate of the lessee entity at the commencement date of the lease, or transition date of IFRS if the lease was entered into prior to the transition date. Lease liabilities are subsequently measured at amortized cost with interest expense recognized using the aforementioned discount rate. The associated right-of-use assets are measured at the initial amount of the lease liability, adjusted for any prepayments. Subsequently, the right-of-use assets are amortized on a straight-line basis over the term of the lease.

2. Significant accounting policies (continued)

(h) Revenue recognition

The Combined Group generates lottery procurement revenue from two streams: the Messenger stream where the Combined Group acts as agent in the transaction and procures lottery tickets on behalf of customers; and the Syndication stream where the customers enter into a betting pool to bet at the winning combination of lotteries. Under the Syndication stream, the physical lottery tickets are not purchased.

Under the Messenger Stream, the Combined Group recognizes revenue at an amount net of lottery procurement costs and applicable agency fees. The Combined Group is considered an agent under this stream of revenue. Revenue is recognized when the physical lottery ticket is purchased and the control of the lottery ticket is transferred to customers simultaneously.

Revenue under the Syndication stream is recognized when control of the services are transferred to the customers. The control of the services are transferred to the customers when the customers have accepted the terms and conditions of the play and entered into the betting pool after payment is made. The revenue is recognized at an amount equal to the transaction price, net of insurance costs and prizes payable, if any.

Refunds might be granted to customers from time to time for revenue from lottery procurement, once a refund request is initiated by a customer, the Combined Group will investigate the case and refund might be approved after such investigation. Liabilities for refund are accrued at each reporting date and netted against due from processors balance on the combined, consolidated statements of financial position. Refund liabilities are estimated based on a trending historical rate of return as a percentage of revenue; such rate is updated at each reporting date to reflect information available at that point in time.

Casino and scratchcard revenue is recognized at an amount net of the prizes, which are won instantly by customers after the "Play" or an equivalent button is clicked. The revenue is recognized when such button is clicked by customers, which is considered to be the point in time of which performance obligation is met.

For all of the above revenue streams, payment by customers were made at the point of revenue recognition, and such payments are expected to be collected from various payment processors subsequently. Considerations received in advance of satisfaction of performance obligations are recognized as deferred revenue on the combined, consolidated statements of financial position.

The Combined Group also incurs commissions and marketing expenses in obtaining contracts with customers, such incremental costs are recognized in the combined, consolidated statements of income and comprehensive income when incurred, as the amortization periods of the costs are less than 12 months.

2. Significant accounting policies (continued)

(i) Income taxes

Current tax assets and/or liabilities comprise those claims from, or obligations to the taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the combined, consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Combined Group has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of the income tax provision (recovery) in profit or loss, except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity, respectively.

(j) Foreign currency translations

Foreign currency transactions are translated into an entity's functional currency at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rate in effect at the combined, consolidated statements of financial position dates. Foreign exchange gains and losses are included in the combined, consolidated statements of income and comprehensive income.

The assets and liabilities of individual entities with functional currency other than USD are translated into USD at exchange rates on the date of the combined, consolidated statements of financial position. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in foreign currency translation reserve and accumulated in equity.

(k) Financial instruments

The Combined Group aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

The Corporation's accounting policy for each class is as follows:

(i) Fair value through profit or loss

Financial instruments classified as measured at fair value through profit or loss are reported at fair value at each reporting date, and any change in fair value is recognized in the combined, consolidated statement of income and comprehensive income in the period during which the change occurs. In these combined, consolidated financial statements, cash has been classified as a financial asset subsequently measured at fair value through profit or loss.

2. Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Amortized cost

This category includes financial assets that are held within a business model with the objective of holding the financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Unless they meet certain exceptions, all financial liabilities are classified as subsequently measured at amortized cost.

Financial instruments classified in this category are measured at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. In these combined, consolidated financial statements, amounts due from processors, amounts due from related parties, accounts payable and accrued liabilities, amounts due to related party and lease liabilities have been classified as financial instruments measured at amortized cost.

(iii) Impairment of financial assets

For financial assets measured at amortized cost, the Combined Group recognizes loss allowances for ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Combined Group applies the simplified approach in calculating ECLs for amounts due from processors. Under the simplified approach, the Corporation recognizes a loss allowance based on lifetime ECLs at each reporting date and does not track changes in credit risk for amounts due from processors.

(iv) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the combined, consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iv) Fair value hierarchy

All financial instruments measured at fair value after initial recognition are categorized into one of three hierarchy levels for disclosure purposes. Each level reflects the significance of the inputs used in making the fair value measurements.

• Level 1: Fair value is determined by reference to quoted (unadjusted) prices in active markets for identical assets or liabilities. Cash is included in this category.
• Level 2: Valuations use inputs based on observable market data, either directly or indirectly, other than the quoted prices.
• Level 3: Valuations are based on inputs that are not based on observable market data.

(Presented in United States Dollars)

2. Significant accounting policies (continued)

(l) Provisions and contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* , a provision is recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed. The provisions are measured based on management's best estimates of the outcome on the basis of facts known at the reporting date.

(m) Future accounting pronouncements

The Combined Group has evaluated the impact of future accounting pronouncements and does not expect them to have a material impact on its combined, consolidated financial statements.

3. Due from processors

Due from processors consists of the following:

	December 31, 2020	December 31, 2019	January 1, 2019
Due from processors	$ 1,218,800	$ 1,311,800	$ 1,860,012
Less: chargebacks and reversals	(108,177)	(113,318)	(178,644)
Less: expected credit losses	(173,059)	(144,020)	(129,706)
	$ 937,564	$ 1,054,462	$ 1,551,662

Chargebacks and reversals payable to processors are netted against amounts due from processors as there is legally enforceable right to settle the amounts with processors on a net basis, and management has the intention to settle the balances on a net basis.

(Presented in United States Dollars)

4. Right-of-use assets

Litermi leases office premises and computer equipment in the normal course of operations. The office premises lease commenced in June 2018, prior to the Transition Date, and lasts for two years with a three-year renewal option. On the Transition Date, Litermi assessed that it was reasonably certain to exercise the renewal option in June 2020. However, during the year ended December 31, 2020, Litermi reassessed its expectation of exercising the renewal option due to the global outbreak of COVID-19, and determined that it no longer intends to exercise the renewal option under the lease. The computer equipment leases have lease terms between 26 to 33 months with no renewal options.

A continuity of the right-of-use assets is as following:

Cost		
Balance as at January 1, 2019	$	397,972
Additions		14,683
As at December 31, 2019		412,655
Adjustment due to change in expected lease term		(255,226)
Write-off		(111,315)
As at December 31, 2020	$	46,114
Accumulated amortization		
Balance as at January 1, 2019	$	-
Additions		101,678
As at December 31, 2019		101,678
Additions		49,124
Write-off		(111,315)
As at December 31, 2020	$	39,487
Net book value		
As at January 1, 2019		397,972
As at December 31, 2019		310,977
As at December 31, 2020	$	6,627

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of the following:

	December 31, 2020	December 31, 2019	January 1, 2019
Trade payables	$ 512,167	$ 534,821	$ 885,940
Customer claims payable	25,662	38,740	13,572
Payroll accrual	73,486	31,692	(1)
Accrued expenses	219,612	382,239	566,154
	$ 830,927	$ 987,492	$ 1,465,665

(Presented in United States Dollars)

6. Due to related parties

The amounts due to related parties balance consists of the following:

	December 31, 2020	December 31, 2019	January 1, 2019
WestOcean S.A.	$ 76,051	$ 789,194	$ 2,431,562
Shareholder of PDS	18,161	20,608	23,668
	$ 94,212	$ 809,802	$ 2,455,230

The due to related parties relate to amounts owed for funds provided for working capital needs by the related parties. These balances are non-interest bearing with no fixed term of repayment.

As of December 31, 2020, December 31, 2019 and January 1, 2019, balances due from related parties and due to related parties have been netted off in the combined, consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts.

(Presented in United States Dollars)

6. Due to related parties (continued)

The following table illustrates netting of balances due to and due from related parties:

	Ledonford Limited	Legacy Eight Group Ltd.	R.S. Real World Services Limited	WestOcean S.A.	Shareholder of PDS	Total
As at December 31, 2020						
Due from related party	$ 1,191,808	$ 554,888	$ 887,036	$ 9,887,683	$ -	$ 12,521,415
Due to related party	-	(63,110)	(38,948)	(12,495,408)	(18,161)	(12,615,627)
Balance offset per Debt Offset Agreement	(1,191,808)	(491,778)	(848,088)	2,531,674	-	-
Net balance	$ -	$ -	$ -	$ (76,051)	$ (18,161)	$ (94,212)
As at December 31, 2019						
Due from related party	$ 1,265,202	$ 205,284	$ 884,008	$ 9,631,105	$ -	$ 11,985,599
Due to related party	-	(98,157)	(39,747)	(12,636,889)	(20,608)	(12,795,401)
Balance offset per Debt Offset Agreement	(1,265,202)	(107,127)	(844,261)	2,216,590	-	-
Net balance	$ -	$ -	$ -	$ (789,194)	$ (20,608)	$ (809,802)
As at January 1, 2019						
Due from related party	$ 1,209,799	$ 1,077,635	$ 878,158	$ 8,549,526	$ -	$ 11,715,118
Due to related party	-	(101,451)	(41,740)	(14,003,489)	(23,668)	(14,170,348)
Balance offset per Debt Offset Agreement	(1,209,799)	(976,184)	(836,418)	3,022,401	-	-
Net balance	$ -	$ -	$ -	$ (2,431,562)	$ (23,668)	$ (2,455,230)

(Presented in United States Dollars)

7. Lease liabilities

Balance as at January 1, 2019	$	397,972
Additions to lease liabilities		14,683
Lease payments		(109,432)
Interest expenses		19,509
Effect of currency conversion difference		(690)
Balance as at December 31, 2019		322,042
Adjustment due to change in expected lease term		(255,226)
Lease payments		(59,381)
Interest expenses		1,941
Effect of currency conversion difference		(902)
Balance as at December 31, 2020, current	$	8,474

On the Transition Date, the lease liabilities were calculated by discounting the future minimum lease payments under the lease using Litermi's incremental borrowing rate at 5.8%. In January 2020, the lease liabilities were recalculated when management's expectation in exercising the renewal option changed. The lease liabilities were remeasured using a discount rate of 4.5%, which represents Litermi's incremental borrowing rate at that date.

A breakdown of the lease liabilities is as following:

	December 31, 2020	December 31, 2019	January 1, 2019
Current	$ 8,474	$ 98,172	$ 87,636
Non-current	-	223,870	310,336
	$ 8,474	$ 322,042	$ 397,972

(Presented in United States Dollars)

8. Share capital

Authorized

Legacy Eight Curacao N.V.	Unlimited number of common shares
Azteca Messenger Services S.A. de C.V.	Unlimited number of common shares
Phoenix Digital Services Ltd.	Unlimited number of ordinary shares

Issued

	Number of shares outstanding at December 31, 2020, 2019 and January 1, 2019	December 31, 2020	December 31, 2019	January 1, 2019
L8 Curacao	20 Common share	$ 23	$ 23	$ 23
AZT	10,000 Common shares	857	857	857
PDS	1 Ordinary share	1	1	1
		$ 881	$ 881	$ 881

The common shares of L8 Curacao have a par value of $1 (EURO €1) per share. The ordinary share of PDS has a par value of $1 (GBP £1) per share. The common shares of AZT have a par value of $0.0857 (MXN $1) per share.

9. Income taxes

The reconciliation between the income tax expense (recovery) and the accounting loss multiplied by the statutory income tax rates in corresponding tax jurisdictions is as follows:

	2020	2019
Net income before income taxes	$ 472,688	$ 1,863,948
Expected income tax expense based on statutory tax rates	113,463	55,684
Deferred income tax assets on losses available to carry forward not previously recognized	(40,736)	(47,398)
Deferred income tax assets arising from losses available to carry forward not recognized	912	42,138
Tax effect from permanent differences	13,288	(7,658)
Income tax expense	$ 86,927	$ 42,766

The income tax rate for the year ended December 31, 2020 is a blended rate (2019 - blended rate).

(Presented in United States Dollars)

9. Income taxes (continued)

The statutory tax rates for the entities in the Combined Group are as follows:

Entity	Jurisdiction	2020	2019
L8 Curacao	Curacao	2%	2%
L8 Malta	Malta	35%	35%
Bulleg	Cyprus	12.5%	12.5%
AZT	Mexico	30%	30%
PDS	United Kingdom	19%	19%
Litermi	Uruguay	25%	25%

The Combined Group's income tax expense is allocated as follows:

	2020	2019
Current income tax expense	$ 74,499	$ 66,061
Deferred income tax expense (recovery)	12,428	(23,295)
Income tax expense	$ 86,927	$ 42,766

The Combined Group's deferred income tax asset arises from non-capital losses carried forward from previous years.

The deferred income tax assets are recognized only to the extent that the specific entity will have future taxable profits available against which the unused tax losses can be utilized. Change in derferred income tax assets is as follows:

	2020	2019
Balance at the beginning of the year	$ 23,295	$ -
Deferred income tax assets recognized from losses available for carryforward	-	23,295
Deferred income tax expenses recognized from utilization of losses available for carryforward	(12,428)	-
Balance at the end of the year	$ 10,867	$ 23,295

As at December 31, 2020, December 31, 2019 and January 1, 2019, the Combined Group has the following unused tax losses for future uses, for which no deferred income tax asset was recognized:

	Expiry	December 31, 2020	December 31, 2019	January 1, 2019
Unused tax losses in Curacao	2027	$ -	$ -	$ 182,902
Unused tax losses in Curacao	2028	-	-	2,158,921
Unused tax losses in Malta	Indefinitely	6,078	75,381	-
Unused tax losses in Mexico	2023	-	-	1,832
Unused tax losses in UK	Indefinitely	-	86,593	-
		$ 6,078	$ 161,974	$ 2,343,655

(Presented in United States Dollars)

10. Related party balances and transactions

During the year ended December 31, 2020, the Combined Group had the following related party transactions:

Related party transactions between L8 Curacao and Ledonford Limited:

During the year ended December 31, 2020, L8 Curacao incurred $15,149 (2019 - $14,750) for payment processing services provided by Ledonford Limited, an entity that is under common control. The amount is included in processing costs on the combined, consolidated statement of income and comprehensive income.

Related party transactions between L8 Curacao and R.S Real World Services Limited:

During the year ended December 31, 2020, L8 Curacao incurred $27,543 (2019 - $26,819) for payment processing services provided by R.S. Real World Services Limited, an entity that is under common control. The amount is included in processing costs on the combined, consolidated statement of income and comprehensive income.

Related party transactions between Litermi S.A ("Litermi") and Bragg Gaming Group:

During the year ended December 31, 2020, Litermi, a wholly owned subsidiary of Phoenix Digital Services Ltd. ("PDS"), incurred $29,879 (2019 - $86,796) to Bragg Gaming Group, an entity with which Litermi shares a key management personnel with. The amount was incurred to compensate Bragg Gaming Group for shared office area, and included in office and general on the combined, consolidated statement of income and comprehensive income. The amounts were fully paid during the year ended December 31, 2020 and 2019.

Related party transactions between L8 Curacao and Legacy Eight Group:

During the year ended December 31, 2020, L8 Curacao advanced $349,604 (2019 - repayment of $872,351 from Legacy Eight Group Ltd.) to Legacy Eight Group Ltd. During the year ended December 31, 2020, PDS repaid approximately $35,000 (2019 - $Nil) to Legacy Eight Group Ltd.

Related party transactions between L8 Curacao and WestOcean S.A.:

During the years ended December 31, 2020 and 2019, L8 Curacao received payment processing and marketing services from WestOcean S.A., and entity under common control, for which no consideration was charged by WestOcean S.A. During the year ended December 31, 2020, L8 Curacao repaid approximately $141,000 (2019 - $1,367,000) to WestOcean S.A. for the balances due.

The following table illustrates the compensation incurred to key management personnel during the years ended December 31, 2020 and 2019:

	Included in	2020	2019
Chief Executive Officer (a)		$ 150,015	$ 59,425
Chief Operating Officer	Salaries and benefits	128,290	127,680
Chief Marketing Officer (b)	Salaries and benefits	126,537	127,680
Chief Financial Officer	Salaries and benefits	90,000	90,000

(a) The Chief Executive Officer's compensation was paid for by L8 Curacao and AZT's ultimate parent corporation, Legacy Eight Group Ltd. The expenses were not reflected in the combined, consolidated statement of income and comprehensive income.

(b) The Chief Marketing Officer's compensation is included in salaries and benefits during year ended December 31, 2019 and from January 1, 2020 to November 30, 2020. Compensation for December 2020 in the amount of $8,937 is included in professional fees.

(Presented in United States Dollars)

11. Financial instruments

The significant financial risks to which the Corporation is exposed are liquidity, credit, and currency risk.

(a) Liquidity risk

Liquidity risk is the risk that the Combined Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by cash or another financial asset. The primary sources of liquidity risk are accounts payable and accrued liabilities, lease liabilities and amounts due to related parties. The Combined Group's ability to meet its obligations depends on the receipt of funds from its operations. Management monitors its working capital to ensure the obligations under current liabilities are met on timely basis.

The Combined Group has the following contractual maturity for its financial liabilities and lease liabilities:

	Less than 1 year	1 to 3 years	Over 3 years	Total
As at December 31, 2020				
Accounts payable and accrued liabilities	$ 830,927	$ -	$ -	$ 830,927
Due to related parties	94,212	-	-	94,212
Lease liabilities	8,474	-	-	8,474
Total as at December 31, 2020	$ 933,613	$ -	$ -	$ 933,613
As at December 31, 2019				
Accounts payable and accrued liabilities	$ 987,492	$ -	$ -	$ 987,492
Due to related parties	809,802	-	-	809,802
Lease liabilities	98,172	183,940	39,930	322,042
Total as at December 31, 2019	$ 1,895,466	$ 183,940	$ 39,930	$ 2,119,336
As at January 1, 2019				
Accounts payable and accrued liabilities	$ 1,465,665	$ -	$ -	$ 1,465,665
Due to related parties	2,455,230	-	-	2,455,230
Lease liabilities	87,636	179,192	131,144	397,972
Total as at January 1, 2019	$ 4,008,531	$ 179,192	$ 131,144	$ 4,318,867

(Presented in United States Dollars)

11. Financial instruments (continued)

(b) 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 Combined Group's main credit risk relates to its amounts due from processors balance. The Combined Group does not provides credit to its customers, however, the credit risks arise as the payments might not be collectible from processors. The maximum credit risk is the carrying value of the amounts due from processors. As at December 31, 2020, 64% (December 31, 2019 - 61%; January 1, 2019 - 62%) of the amounts due from processors balance is owing from three processors (December 31, 2019 - three processors; January 1, 2019 - four processors).

The Combined Group has applied the simplified approach to providing for expected credit losses, which permits the use of a lifetime expected credit loss provision for all amounts due from processors balances, which are of similar nature to trade receivables. To measure the expected credit losses, a full allowance is provided for a processor balance when there is doubt about the processor's future capacity to fulfill its payment obligations. For the remaining amounts due from processor balances, each processors' ability of fulfilling the payments in the future are evaluated specifically based on the information available on the date of the combined, consolidated statements of financial position. The loss allowances at December 31, 2020, December 31, 2019 and January 1, 2019 were determined as follows for amounts due from processors balances based upon the Corporation's historical default rates over the expected life of the balances, adjusted for forward looking estimates.

Due from processors, net consists of the following:

	December 31, 2020	December 31, 2019	January 1, 2019
Carrying amount, net of refund liability	$ 1,110,623	$ 1,198,482	$ 1,681,368
Lifetime expected loss	(173,059)	(144,020)	(129,706)
Due from processors	$ 937,564	$ 1,054,462	$ 1,551,662

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from financial instruments, primarily cash, amounts due from processors, amounts due from related parties, accounts payable and accrued liabilities ("Accounts payable") and amounts due to related party, denominated in a currency other than the functional currency of the entity. All entities included in these combined, consolidated financial statements do not use derivative financial instruments to manage its currency risk. As at December 31, 2020, a 5% appreciation (depreciation) of foreign currencies against USD will result in decrease in income and comprehensive income of $34,318 (2019 - $49,046).

(Presented in United States Dollars)

11. Financial instruments (continued)

(c) Currency risk (continued)

As at December 31, 2020, December 31, 2019 and January 1, 2019, the following balances were denominated in currencies other than USD:

Financial instruments	Foreign Currency	December 31, 2020	December 31, 2019	January 1, 2019
		In USD	In USD	In USD
Cash	EUR	$ 44,545	$ 307,835	$ 191,065
Cash	MXN	196,565	42,263	136,368
Cash	GBP	19,485	17,589	1,470
Cash	UYU	1,418	23,873	100
Due from processors	MXN	307,972	193,858	182,093
Due from processors	EUR	145,459	322,491	102,623
Due from processors	BRL*	59,607	56,833	64,948
Due from processors	COP*	48,196	12,082	8,477
Due from processors	CNY*	238,173	300,200	61,552
Accounts payable	GBP	10,363	71,378	28,089
Accounts payable	EUR	191,371	209,830	204,061
Accounts payable	UYU	171,716	2,418	397

*BRL - Brazilian Real
COP - Columbian Peso
CNY - Chinese Yuan

(d) Capital management

The Combined Group's objective when managing capital is ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans. For the purpose of capital management, capital includes shareholders' equity of $401,126 (December 31, 2019 - deficit of $602,267; January 1, 2019 - deficit of $2,281,853). The Combined Group manages its capital structure and adjust it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Combined Group might obtain financing from its parent company, through additional capital contributions or debt financing. Each entity in the Combined Group is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis.

12. Subsequent events

On February 22, 2021, the shareholder of PDS entered into a share sale agreement with Legacy Eight Ltd. Under the term of the agreement, all of the issued and outstanding ordinary share of PDS was sold to Legacy Eight Ltd. for $100,000.

On February 24, 2021, Legacy Eight Ltd. entered into an agreement to sell all of the issued and outstanding shares of L8 Curacao, AZT and PDS to 1242455 B.C. Ltd. (the "Purchaser"), a corporation incorporated under the laws of Province of British Columbia, Canada, in exchange for 30,000,000 common shares of the Purchaser at Canadian Dollars $0.5 per common share. The closing of the transaction has yet taken place and is subject to approval of security commissions.

On December 2, 2021, the entities within the Combined Group entered into a Debt Offset Agreement with related parties to offset the balances due from related parties and due to related parties. The agreement provides the parties with a legal enforceable right to offset the recognized amounts with an effective date of April 7, 2017. Accordingly, these combined, consolidated financial statements have presented the balances due from related parties and due to related parties on a net basis. The financial impact of the agreement has been disclosed in Note 6 of these combined, consolidated financial statements.

13. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Combined Group's environment and in the global markets, disruption in supply chains, and measures introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Combined Group's future operations and financial results.

The Combined Group cannot estimate the length and gravity of the COVID-19 pandemic. The Combined Group is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

While the continuing development of the pandemic presents uncertainty over future revenues and financing abilities, management expects the combined group will have adequate cash flow to fund its operations during this crisis through existing revenue and financing sources that have confirmed their funding intentions and tight controls over operating expenses.

(Presented in United States Dollars)

14. Geographic information

The Combined Group has only one reportable segment being the L8 Curacao. The geographic segmentation of the Combined Group's revenues is as follows:

	Mexico	Costa Rica	Honduras	Brazil	Argentina	Chile	Other (a)	Total
Year ended December 31, 2020								
Lottery procurement revenue	$ 1,172,356	$ 106,578	$ 53,289	$ 213,156	$ 266,445	$ 373,022	$ 3,144,045	$ 5,328,890
Online casino and scratchcard revenue	141,016	207,377	91,246	82,951	58,065	49,770	199,081	829,506

	Mexico	Costa Rica	Ecuador	Brazil	Argentina	Chile	Other (a)	Total
Year ended December 31, 2019								
Lottery procurement revenue	$ 1,563,949	$ 156,395	$ 312,790	$ 390,987	$ 625,580	$ 469,185	$ 4,300,859	$ 7,819,744
Online casino and scratchcard revenue	96,476	60,297	6,030	96,476	96,476	24,119	223,100	602,972

(a) "Other" category represents countries with insignificant revenue which have been grouped together.

SCHEDULE "D"

LottoKings Group' MD&A

LottoKings Group of Companies

MANAGEMENT DISCUSSION & ANALYSIS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

MANAGEMENT DISCUSSION & ANALYSIS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

1. MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for LottoKings Group on a combined and consolidated basis, for the three and nine-month periods ended September 30, 2021 ("Q3 2021"). References to "LottoKings", or the "Group" in this MD&A refer to LottoKings Group, which includes the following entities:

(i) Legacy Eight Curacao N.V. ("L8 Curacao"), owned 100% by Legacy Eight Ltd., a corporation incorporated in Curacao. L8 Curacao also has two wholly owned subsidiaries, Legacy Eight Malta Ltd. ("L8 Malta") and Bulleg Eight Limited ("Bulleg"), incorporated in Malta and Cyprus, respectively;

(ii) Azteca Messenger Services S.A. de C.V. ("AZT"), a corporation incorporated in Mexico, owned 99.82% by Legacy Eight Ltd.;

(iii) Phoenix Digital Services Ltd. ("PDS"), a corporation incorporated in the United Kingdom ("UK"), was controlled by a key management personnel of Legacy Eight Ltd. as at December 31, 2020. In February 2021, the key management personnel transferred 100% of the issued and outstanding common shares of PDS to Legacy Eight Ltd. (Note 6). Litermi S.A. ("Litermi"), a wholly owned subsidiary of PDS, and was incorporated in Uruguay.

This document should be read in conjunction with the information presented in the unaudited interim combined, consolidated financial statements for the three and nine-month periods ended September 30, 2021 and 2020 (the "Interims").

For reporting purposes, the Group prepared the Interims in United States Dollars ("USD") and, unless otherwise indicated, in conformity with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The financial information contained in this MD&A was derived from the Interims. Unless otherwise indicated, all references to a specific "note" refer to the notes to the Interims.

This MD&A references non-IFRS financial measures, including those under the headings "Selected Financial Information" and "Key Metrics" below. The Group believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business and making decisions. Although management believes these financial measures are important in evaluating the Group, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. Non-IFRS measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These measures may be different from non-IFRS financial measures used by other companies, limiting their usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for period-over-period comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on the Group's operating results.

For purposes of this MD&A, the term “gaming license” refers collectively to all the different licenses, consents, permits, authorizations, and other regulatory approvals that are necessary to be obtained in order for the recipient to lawfully conduct (or be associated with) gaming in a particular jurisdiction.

Unless otherwise stated, in preparing this MD&A the Group has considered information available to it up to November 30, 2021, the date the Group’s board of directors (the “Board”) approved this MD&A.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking information and statements (collectively, "forward-looking statements") within the meaning of the Canadian securities legislation and applicable securities laws, including financial and operational expectations and projections. These statements, other than statements of historical fact, are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect the Group, its subsidiaries and their respective customers and industries. Although the Group and management believe the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply" or the negative of these words or other variations or synonyms of these words or comparable terminology and similar expressions.

By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among other things, the Group's stage of development, long-term capital requirements and future ability to fund operations, future developments in the Group's markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Group's operations. Each factor should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. See the section, "Risk Factors and Uncertainties", below noting that these factors are not intended to represent a complete list of the factors that could affect the Group.

Shareholders and investors should not place undue reliance on forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Unless otherwise indicated by the Group, forward-looking statements in this MD&A describe the Group's expectations as of November 30, 2021 and, accordingly, are subject to change after such date. The Group does not undertake to update or revise any forward-looking statements, except in accordance with applicable securities laws.

3. LIMITATIONS OF KEY METRICS AND OTHER DATA

The Group's key metrics are calculated using internal Group data. While these numbers are based on what the Group believes to be reasonable judgments and estimates of customer numbers for the applicable period of measurement, there are certain challenges and limitations in measuring the usage of its product offerings across its customer base. In addition, the Group's key metrics and related estimates may differ from estimates published by third parties or from similarly titled metrics of its competitors due to differences in methodology and access to information.

For important information on the Group's non-IFRS measures, see the information presented in "Key metrics" and "Selected financial information" below. The Group continually seeks to improve its estimates of its active customer base and the level of customer activity, and such estimates may change due to improvements or changes in the Group's methodology.

LottoKings Group: Overview and Strategy

LottoKings Group is a business to consumer service provider that allows users to participate in lotteries and casino-style online games throughout the world all from the comfort of their own homes with a simple login and access. The Group offers an easy transition from lottery to casino gambling that attracts players to easily participate in both game types. Players are of age of majority, and are monitored according to requirements under the Curacao Gaming License. Legacy Eight operates through multiple established brands and websites, which include www.wintrillions.com, www.trillionaire.com and www.LottoKings.com (the "**Brands**").

The Brand sites are a destination for users to participate in lottery jackpots operated by fully regulated and legal lotteries across the world. Users may directly participate in lotteries or purchase shares in a pool of lottery plays by joining lottery teams or syndicates. Users may also utilize lottery subscriptions to participate in every draw of a specific lottery without the stress or worry of ever missing another draw.

In addition to the lottery services, the group offers a connected experience that enables users to play and switch with ease between scratch cards and casino games. The Group's software technology provides casino games within a user's own web browser, without the need for any download. Users may easily access and enjoy a variety of different casino-style games. The games have several variations with minimum and maximum betting ranges, with winnings automatically credited to a user's account.

LottoKings' strategy includes promoting the Brand sites through a variety of international advertisers and through strategic business relationships with online gaming affiliates all in compliance with the Curacao Gaming License.

The development, licensing, and protection of intellectual property is a core part of the Group's business strategy and is a key element to its success. The current intellectual property rights currently provide broad and comprehensive coverage and access for our products and services. The Group's business practices protect our intellectual property rights in our core business through non-disclosure and confidentiality policies and provisions and the use of appropriate intellectual property ownership and assignment provisions and restrictive covenant agreements with, among others, our employees, contractors, consultants, manufacturers, suppliers, customers and stakeholders. The Group actively seeks to protect and enforce its intellectual property rights to prevent unauthorized use by third parties, including through applications for injunctive relief and litigation, as necessary.

LottoKings continues to invest in building a strong, experienced management team to drive these strategic initiatives. The design, development and distribution of online lotteries and casino-style games requires specialized skills and knowledge. The Group's management team has considerable specialized skill, knowledge and experience in the online gaming industry. As at September 30, 2021, the Group had, in aggregate, 34 employees and an additional 6 short-term contractors.

4. OVERVIEW OF Q3 2021

4.1 EXECUTIVE SUMMARY

Financial performance during the three and nine months ended September 30, 2021

Revenue

The Group has two major sources of revenue:

- Lottery procurement revenue:
  a. Messenger stream – the Group acts as agent in the transaction and procures lottery tickets on behalf of customers; and the
  b. Syndication stream where the customers enter into a betting pool to bet at the winning combination of lotteries. Under the Syndication stream, the physical lottery tickets are not necessarily purchased
- Scratchcard and online casino revenue: instant scratchcard and online casino games available to customers

During the three and nine months ended September 30, 2021, the Group's revenue increased and decreased by 4% ($70,000) and 2% ($71,000), respectively, to $1.67M and $4.53M compare to the same periods previous year (Three and nine months ended September 30, 2020 – $1.60M and $4.60M). The Group's decrease in revenue was mainly driven by reduced administration fees charged on inactive accounts, in April 2020, the Group implemented policy to charge administration fees on inactive accounts and resulted in about $363,000 revenue recognized in Q3 2020, whereas in Q3 2021, such revenue was $36,000, accounted for $327,000 of the reduction in revenue. The decrease was offset by increase in regular lottery revenue in three months ended September 30, 2021.

Gross profit increased and decreased by 4% and 7%, respectively, during the three and nine months periods ended September 30, 2021 compared to the same periods previous year to $1,022,000 and $2,532,000 (Three and nine months ended September 30, 2020 - $987,000 and $2,736,000) with gross margins decreased to 61% and 56% (Three and nine months ended September 30, 2020 - 62% and 59%). The decrease in gross profit is attributable to the administration fee revenue recognized in Q3 2020, by excluding this revenue, the normalized gross margin for both three and nine months ended September 30, 2020 will be 56%.

Operating Expenses

	Q3 2021	Q3 2020	YTDQ3 2021	YTDQ3 2020
Operating Expenses				
Salaries and benefits	377,620	356,055	1,109,825	887,343
Marketing expenses	107,483	77,860	462,249	195,420
Expected credit losses (recoveries)	(9,288)	352	8,227	30,599
Bank charges and fees	15,813	24,541	71,700	37,457
General and administrative (Note 11)	13,081	18,062	41,357	78,393
IT services	120,699	68,672	350,215	171,331
Interest on lease liabilities	51	414	384	1,328
Professional fees	124,281	94,326	394,546	296,379
Vehicles and travel	-	146	958	4,915
Restructuring costs	-	9,946	-	9,946
Amortization of right-of-use assets	853	5,200	5,408	43,925
	750,593	655,574	2,444,869	1,757,036

Operating expenses increased from the same periods previous year by 14.5% and 39.2%, or from $656,000 to $751,000 and from $1.76M to $2.45M. Operating expenses represents 45% and 54% of the revenue (Three and nine months ended September 30, 2020 – 41% and 38%). Main movements in the three and nine-month periods were driven by the following:

A. **Salaries and benefits** increased by 6% and 25% to $378,000 and $1,110,000 (Three and nine months ended September 30, 2020 - $356,000 and $887,000) as the Group used to house its employees under WestOcean S.A., whose financial results are not combined in the Group's combined, consolidated financial statements in Q3 2021. Starting May 2020, the Group has been moving its employees to Litermi, and as such, there is an increase in salaries and benefits in Q3 2021 compare to Q3 2020.

B. **Marketing expenses** increased by $29,000 and $267,000 to $107,000 and $462,000 (Three and nine months ended September 30, 2020 - $78,000 and $195,000) mainly due to the Group's increasing marketing activities. Starting Q1 2021, the Group has invested significantly to promote on social media.

C. **Expected credit losses** decreased by $9,000 and $23,000 to recoveries of $9,000 and losses of $8,000 (Three and nine months ended September 30, 2020 - $400 and $31,000) mainly due to improved collection results from processors, and the Group has been diligently selecting the payment process service providers.

D. **Bank charges and fees** decreased and increased by $9,000 and $35,000 to $16,000 and $72,000 (Three and nine months ended September 30, 2020 - $25,000 and $37,000). Increased mainly due to fine and surcharges of $18,000 during the first six months of 2021 in Litermi resulted from incompliance with payroll source deduction remittance, as well as a set-up fee for two new bank accounts during that period.

E. **General and administrative** expenses decreased by $5,000 and $37,000 to $13,000 and $41,000 (Three and nine months ended September 30, 2020 - $18,000 and $78,000) due to reduced office sharing fees paid to a related party (decrease of $3,000 and $28,000 during the three and nine months ended September 30, 2021) and reduced office overhead as a result of the COVID-19 pandemic, as employees are mostly working from home starting end of Q1 2020.

F. **IT services** increased by $52,000 and $179,000 to $121,000 and $350,000 (Three and nine months ended September 30, 2020 - $69,000 and $171,000) due to significant upgrade works done to the websites.

G. **Professional fees** went up by $30,000 and $99,000 to $124,000 and $395,000 (Three and nine months ended September 30, 2020 - $94,000 and $296,000) due to increased professional services relating to tax matters in PDS and management consulting services in L8 Curacao as well as marketing consulting services in PDS and L8 Curacao.

H. **Vehicles and travel** reduced by $4,000 to $1,000 during the nine months ended September 30, 2021 (Three and nine months ended September 30, 2020 - $Nil and $5,000) due to travel restrictions after outbreak of COVID-19.

I. **Restructuring costs** decreased by $10,000 to $Nil during the three and nine months ended September 30, 2021 (Three and nine months ended September 30, 2020 - $10,000) due to one-time payment related to liquidation of Legacy Eight Malta.

J. **Amortization of right-of-use assets** reduced by $4,000 and $39,000 to $900 and $5,000 (Three and nine months ended September 30, 2020 - $5,000 and $44,000) due to termination of office lease in Litermi in June 2020.

Foreign exchange gain amounted to $124,000 and $342,000 during the three and nine months ended September 30, 2021. During the three and nine months ended September 30, 2020, the Group reported foreign exchange loss of $451,000 and $254,000. The foreign exchange gain/loss mainly represents unrealized gain/loss from conversion of monetary asset or liabilities denominated in a currency other than the individual entities' functional currencies.

Income tax provision amounted to $35,000 and $91,000 (Three and nine months ended September 30, 2020 – provision of $8,000 and recovery $12,000), mainly due to reduction in deferred income tax recovery as the losses were incurred in jurisdiction with higher income tax rate during three and nine months ended September 30, 2020. In nine months ended September 30, 2021, AZT (located in Mexico) realized income of $201,000 subject to 30% tax rate whereas in nine months ended September 30, 2020, AZT realized income of $46,000 that is subject to the same income tax rate. In nine months ended September 30, 2021, Litermi (located in Uruguay) incurred income of $68,000 subject to 25% tax rate whereas in nine months ended September 30, 2020, Litermi incurred loss of $176,000 that is subject to the same income tax rate. The increase is offset by tax provision reduction in L8 Curacao, which realized income of $147,000 and $900,000 that is subject to 2% tax rate during nine months period ended September 30, 2021 and September 30, 2020, respectively.

Total net income for three months period ended September 30, 2021 increased to $360,000 from loss of $128,000; while total net income for nine months period ended September 30, 2021 reduced to income of $338,000 from income of $731,000, mainly attributable to higher license fees, increase in marketing efforts from the management, upgrades done to the websites and shifting of employees from WestOcean S.A. to Litermi.

The Group's profitability improved in Q3 2021 compare to Q3 2020, with EBITDA margin at 23.70% during Q3 2021 (Q3 2020 – negative 7.12%). Adjusted EBITDA margins decreased to 15.74% in Q3 2021 from 20.74% in Q3 2020 as operating expenses increased due to additional marketing efforts, shifting employees to Litermi from WestOcean S.A., and upgrades done on websites. A reconciliation between the current quarter's reported figures and the prior year quarter's figures to Adjusted EBITDA is shown in Note 5.3 of this MD&A.

The Group experienced a reduction in cash flow in the nine-month period ended September 30, 2021 compare to the same period in previous year. Cash flow provided by operating activities for nine months ended September 30, 2021 was $384,000 (nine months ended September 30, 2020 –$1,564,000 used in operating activities). The increase in cash flow provided by operating activities was primarily due to improvement in collection from processors and better cash flow management on paying vendors.

Cash flow used in financing activities consists of repayment of lease liabilities, and resulted in outflow of $6,000 during nine months ended September 30, 2021 (Nine months ended September 30, 2020 - $47,000), decrease is due to termination of Litermi office lease in June 2020.

Financial position:

Cash as of September 30, 2021 reduced to $193,000 (December 31, 2020 - $425,000) primarily due to effect in foreign exchange, USD depreciated against EURO, Mexican Peso and Uruguayan Peso since December 31, 2020.

Due from processors as of September 30, 2021 totalled $860,000 (December 31, 2020 - $938,000) due to improvement on collection with payment processors and reduction in revenue volume.

As at September 30, 2021, government remittance recoverable of $97,000 (December 31, 2020 - $88,000), increased by $9,000 due to increased expenditures level.

Prepaid expenses and other assets as at September 30, 2021 increased by $12,000 to $143,000 (December 31, 2020 - $131,000) due to increase in L8 Curacao's prepaid license fees that was paid in nine months ended September 30, 2021 but covers the entire fiscal year.

Deferred income tax assets increased by $5,000 to $16,000 on September 30, 2021 (December 31, 2020 - $11,000) due to net loss for tax purpose in L8 Curacao, which resulted in tax loss available for carried forward, and there is reasonable expectation that L8 Curacao will generate taxable income to utilize the loss.

Right-of-use assets decreased by $6,000 to $1,000 as of September 30, 2021 (December 31, 2020 - $7,000) due to amortization of computer equipment under leases.

Accounts payable and accrued liabilities as of September 30, 2021 increased by $166,000 to $997,000 (December 31, 2020 - $831,000) as a result of increased accrued marketing expenses as well as timing of payroll accruals.

Income taxes payable increased by $45,000 to $128,000 as at September 30, 2021 (December 31, 2020 - $83,000), the increase is due to taxable income in AZT and Litermi during the nine-month period ended September 30, 2021.

Government remittance payable includes payroll source deduction payable of the Group, increased by $1,000 to $11,000 by September 30, 2021, relatively consistent with balance as at December 31, 2020 of $10,000.

Deferred revenue balance represents users' prepaid account balance that has not been utilized yet and consideration collected prior to procurement of lottery tickets. As at September 30, 2021, such balance decreased to $12,000 (December 31, 2020 - $174,000). Decreased mainly due to $87,000 in lottery tickets procured in advance of a special draw in October and December 2021.

Due to related party balance decreased by $2,000 to $92,000 as at September 30, 2021 (December 31, 2020 - $94,000). This decrease is mainly due to fluctuation in foreign exchange rates.

As at September 30, 2021, lease liabilities balance reduced to $Nil from $8,000 on December 31, 2020 due to repayment of lease liabilities.

Subsequent events

On December 2, 2021, the entities within the Combined Group entered into a Debt Offset Agreement with related parties to offset the balances due from related parties and due to related parties. The agreement provides the parties with a legal enforceable right to offset the recognized amounts with an effective date of April 7, 2017. Accordingly, the interim combined, consolidated financial statements have presented the balances due from related parties and due to related parties on a net basis.

Strategic progress

LottoKings' strategy includes promoting the Brand sites through a variety of international advertisers and through strategic business relationships with online gaming affiliates all in compliance with the Curacao Gaming License.

The Group's growth strategy will be implemented based on the business objectives:

(1) Upgrade the Group's website

The Group is looking to make significant upgrades to the www.LottoKings.com website providing users with a significantly improved experience on mobile distribution platforms, and re-working the user journey to make the process of using the site as simple, intuitive and friction-free as possible. The 'look and feel' of the site will also be re-worked to make the site content more modern and attractive with the goal of increasing user conversion rates for first-time visitors and engagement for existing users. Additionally, the site will make new products available to users, adding new casino and instant-win game content all of which will be compliant with the Curacao Gaming License.

(2) Launch native mobile apps

The Group will launch mobile apps on both the iOS and Android operating systems. The app will provide users to access functionality comparable to the Group's desktop sites in a native mobile format, including allowing users to check results from draws and set alerts for jackpots meeting user-specified minimum thresholds. Multiple versions of the app may be launched, corresponding to different brands owned by the Group. These apps will result in a more seamless user experience for the Group's mobile users, and allow the Group to convert additional users to its platform through its presence on various app stores.

(3) Expand Group's lottery games offering

The Group will increase the variety of lottery games available through its platform. This will increase user choice and make the Group's offering more competitive in the marketplace. It will also provide a boost to the Group's user acquisition efforts by allowing the Group to reach a previously untapped pool of users who may be aware of the new lottery games the Group plans to offer, but may not have otherwise been aware of the Group's sites or services.

(4) Upgrade the Group's "back end" functionality

The Group will make upgrades to its "back end" systems – the internal systems underlying the Group's various websites. This will improve the user experience for visitors of the websites by increasing their responsiveness and allowing Group staff to address user concerns more effectively. It will also allow the Group to scale its operations more effectively by allowing its systems to on-board and support higher numbers of users. Additionally, the upgrades will increase the ease through which the Group may comply with the requirements of various gaming licenses from jurisdictions other than Curacao, allowing it to expand its offering to such jurisdictions more easily if it chooses to do so in the future.

(5) Create 'satellite sites' and upgrade SEO efforts

The Group will create 'satellite sites' advertising its services in various Latin American jurisdictions. These sites will contain SEO-optimized content related to lottery jackpots and other associated matters, and will attempt to steer users to the main websites through which the Group offers its products and services. The Group will begin this strategy by creating a few websites in certain targeted jurisdictions and monitoring the results. Subsequently, the Group plans to expand its offering throughout Latin America depending on the success of the targeted websites. In conjunction with this effort, the Group will employ a SEO consultant tasked with overhauling the Group's SEO efforts including improving its organic search engine optimization activities.

(6) Advertising campaign based on LottoHub app

The Group will develop a native app focusing on general lottery content under the name "LottoHub." The app will contain general information on various lotteries, including jackpots, drawing dates, and costs to enter. The app will be designed in a manner aimed at converting users who initially use the app as a free lottery information resource into paying customers on the Group's other properties.

The LottoHub app will not allow users to purchase lottery tickets directly. This will allow the app to be marketed through various platforms that restrict direct advertising of gambling services, such as Facebook and Instagram. The Group will then engage in a paid advertising campaign on these platforms, with the aim of increasing its user base and converting users to its other properties. The Group intends to commence by spending approximately $250,000 across various platforms to test the effectiveness of this approach, then potentially expand its campaign significantly depending on the results of such campaigns, including their effect on key performance indicators such as its Paying Customer Acquisition Costs and Daily and Monthly Active Users across its platforms.

(7) Acquire complementary businesses and properties

The Group intends to engage in an acquisition strategy focused on acquiring business and technologies that will complement the Group's business. In particular, the Group will target other business engaged in substantially the same business as the Group, with an established brand name and customer base, whose operations may be easily integrated with those of the Group. The Group will also seek out assets that may assist its marketing strategy, including existing apps or media platforms with a connection to lotteries and an established user base that may be re-purposed to direct users to the Group's platforms.

Regulatory updates in various geographies

The Group does not provide gaming, betting or lottery products in jurisdictions other than the ones indicated below.

<u>Curacao</u>

L8 Curacao holds a valid Curacao Gaming License which allows it to provide online gaming products and services, including its gaming platform, from its home jurisdiction. The Curacao Gaming License has few restrictions on what markets L8 Curacao's websites may be accessed for real money play. L8 Curacao is in compliance with the applicable restrictions. The lotteries in which L8 Curacao permits its users to participate through its online platform are operated in full legal compliance with the laws of their home jurisdiction, and in many cases operated by a government entity. L8 Curacao does not allow players that are resident in Canada or the United States to purchase any gaming, betting or lottery services or products from its websites.

Outlook

The Group's continued to invest in various marketing channels, especially on social media, during the fourth quarter of 2021. The Group's gross margin stayed strong and is looking to facilitate its top line through enhanced marketing activities.

The global outbreak of COVID-19, has had, and continues to have, a significant impact on the global economy. The Group derives the majority of its revenue from online gaming. This sector has largely benefited from the various international "lock downs", requiring people to stay at home. As a result, such forms of entertainment have prevailed in a similar fashion to the various streaming businesses such as Netflix have. Furthermore, the Group has limited exposure to sports betting revenue that have obviously been impacted by the lack of professional sports. Management continues to monitor the effects COVID-19 on the Group's performance and will amend its outlook as, and if, it deems necessary.

5. FINANCIAL RESULTS

5.1 BASIS OF FINANCIAL DISCUSSION

The financial information presented below has been prepared to examine the results of operations from continuing activities.

The presentation currency of the Group is the USD, while the functional currencies of the entities combined or consolidated are United States Dollar, Euro, British Pound Sterling, Mexican Peso and Uruguayan Peso due to primary location of individual entities within the Group. The presentation currency of the USD has been selected as it best represents the majority of the Group's economic inflows, outflows as well as its assets and liabilities.

5.2 SELECTED FINANCIAL INFORMATION

The following is selected financial data of the Group for the three and nine-month periods ended September 30, 2021 and 2020.

The primary non-IFRS financial measure which the Group uses is Adjusted EBITDA[1]. When internally analyzing underlying operating performance, management excludes certain items from EBITDA (earnings before interest, tax, depreciation, and amortization). See Section 5.3 for calculation of EBITDA and Adjusted EBITDA.

USD 000	Three-month periods ended September 30, 2021	2020	Nine-month periods ended September 30, 2021	2020
Revenue	$ 1,671	$ 1,601	$ 4,531	$4,602
Net Income (loss) from continuing operations	360	(127)	338	731
EBITDA	396	(114)	434	764
Adjusted EBITDA	263	332	95	1,009
EBITDA margin	23.70%	(7.12%)	9.58%	16.60%
Adjusted EBITDA margin	15.74%	20.74%	2.10%	21.93%

	As at September 30, 2021	As at December 31, 2020
Total assets	$ 1,313	$ 1,602
Total non-current financial liabilities	nil	nil
Dividends paid	nil	nil

EBITDA and Adjusted EBITDA improved in three and nine months ended September 30, 2021 due to higher revenue earned from both lottery procurement and online casino and scratchcard revenue streams.

With the exception of EBITDA and Adjusted EBITDA, the financial data has been prepared to conform with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards

[1] **Adjusted EBITDA** excludes income or expenses that relate to exceptional items and non-cash charges and includes deductions for lease expenses that are recognized as part of depreciation and finance charges under IFRS 16.

Board ("IASB"). These accounting principles have been applied consistently across for all reporting periods.

5.3 OTHER SELECTED FINANCIAL INFORMATION

Additional selected financial information as follows:

USD 000	Three-month periods ended September 30, 2021	2020	Nine-month periods ended September 30, 2021	2020
Revenue	$ 1,671	$ 1,601	$4,531	$4,602
Cost of revenue	649	614	1,999	1,866
Gross profit	1,022	987	2,532	2,736
Gross margin	61%	62%	56%	59%

USD 000	As at September 30, 2021	As at December 31, 2020
Total assets	1,313	1,602
Total liabilities	1,240	1,201

DUE FROM PROCESSORS, NET

USD 000	As at September 30, 2021	As at December 31, 2020
Due from processors	$ 1,126	$ 1,219
Provision for chargebacks and reversals	(87)	(108)
Provision for expected credit loss	(179)	(173)
Trade and Other Receivables	**860**	**938**

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

USD 000	As at September 30, 2021	As at December 31, 2020
Trade payables	$ 453	$ 512
Customer claims payable	99	26
Payroll accrual	58	73
Accrued expenses	387	220
Accounts payable and accrued liabilities	**997**	**831**

To supplement its September 30, 2021 interim financial statements presented in accordance with IAS 34, Interim Financial Reporting, the Group considers certain financial measures that are not prepared in accordance with IFRS. The Group uses such non-IFRS financial measures in evaluating its operating results and for financial and operational decision-making purposes. The Group believes that such measures help identify underlying trends in its business that could otherwise be masked by the effect of the expenses that it excludes in such measures.

The Group also believes that such measures provide useful information about its operating results, enhance the overall understanding of its past performance and future prospects and allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. However, these measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. There are a number of limitations related to the use of such non-IFRS measures as opposed to their nearest IFRS equivalents.

A reconciliation of operating loss to EBITDA and Adjusted EBITDA is as follows:

	Three-month periods ended September 30,		**Nine-month periods ended September 30,**	
USD 000	**2021**	**2020**	**2021**	**2020**
Net income (loss)	$ 360	$ (127)	$ 338	$ 731
Income tax provision (recovery)	35	8	91	(12)
Interest on lease liabilities	-	-	-	1
Amortization	1	5	5	44
EBITDA	396	(114)	434	764
Amortization of right-of-use assets	-	(5)	(5)	(44)
Lease interest expense	-	-	-	(1)
Expected credit loss (recovery)	(9)	-	8	31
Foreign exchange loss (gain)	(124)	451	(342)	254
Other losses	-	-	-	5
Adjusted EBITDA	**263**	**332**	**95**	**1,009**

Foreign exchange loss (gain) represents unrealized foreign exchange loss (gain) arising from financial assets and liabilities denominated in a currency other than the individual entity's functional currency.

5.4 SUMMARY OF QUARTERLY RESULTS

The following table presents the selected financial data for continuing operations for each of the past eight quarters of the Group.

	2019	2020				2021		
USD 000	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	$ 1,784	$ 1,504	$ 1,498	$ 1,600	$ 1,556	$ 1,582	$ 1,329	$ 1,671
Net income (loss)	80	693	165	(127)	(345)	373	(345)	360
EBITDA	113	712	167	(114)	(241)	408	(318)	396
Adjusted EBITDA	41	228	444	332	137	5	(120)	263

The Group's revenue has been decreasing in 2020 from 2019, and is held steady during Q1 2021, in Q2 2021, the Group's revenue reduced due to less lottery procurement revenue generated and increased again in Q3 2021 as a result of higher revenue generating activities during the three-month period. The Group's Adjusted EBITDA reduced in Q1 and Q2 2021 mainly due to significant marketing efforts, increased salaries and upgrades done on websites. Increase in Adjusted EBITDA in Q3 2021 is mainly due to foreign exchange gain during the three-month period.

5.5 LIQUIDITY AND CAPITAL RESOURCES

The Group's principal sources of liquidity are its cash generated from operations and advances from related party. Currently available funds consist primarily of cash on deposit with financial institutions. The Group calculates its working capital requirements from continuing operations as follows:

USD 000	As at September 30, 2021	As at December 31, 2020
Cash and cash equivalents	$ 193	$ 425
Due from processors, net	860	938
Government remittances recoverable	97	88
Prepaid expenses and other assets	143	131
	1,293	1,582
Current liabilities	(1,240)	(1,201)
Net working capital	**53**	**381**

The undiscounted contractual maturities of significant financial liabilities and the total contractual obligations of the Group as at September 30, 2021 for each of the next five years and thereafter are below:

USD 000	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	997	-	-	-	-	997
Due to related party	92	-	-	-	-	92
Lease liabilities	-	-	-	-	-	-
	1,089	**-**	**-**	**-**	**-**	**1,089**

MARKET RISK

The Group is exposed to market risks, including changes to foreign currency exchange rates and interest rates.

FOREIGN CURRENCY EXCHANGE RISK

The Group is exposed to foreign currency risk, which includes risks related to its revenue and operating expenses denominated in currencies other than USD, which is both the reporting currency and primary contracting currency of the Group's customers. Accordingly, changes in exchange rates may in the future reduce the purchasing power of the Group's customers thereby potentially negatively affecting the Group's revenue and other operating results.

The Group has experienced and will continue to experience fluctuations in its net income (loss) as a result of translation gains or losses related to revaluing certain monetary asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

LIQUIDITY RISK

The Group is also exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The primary sources of liquidity risk are accounts payable and accrued liabilities and amounts due to related party. The Group's ability to meet its obligations depends on the receipt of funds from its operations. Management monitors its working capital to ensure the obligations under current liabilities are met on timely basis.

5.6 CASH FLOW SUMMARY

The cash flow from continuing operations may be summarized as follows:

	Nine months ended September 30,	
USD 000	**2021**	**2020**
Operating activities	$ 384	$ (1,564)
Financing activity	(6)	(47)
Effect of foreign exchange	(610)	1,482
Net cash flow used in continuing operations	**(232)**	**(129)**

Cash flows used in financing activity consists of cash used to repay lease liabilities.

5.7 OFF-BALANCE SHEET ARRANGEMENTS

The Group has no off-balance sheet arrangements during the three and nine-month periods ended September 30, 2021.

5.8 PROPOSED TRANSACTIONS

On February 24, 2021, Legacy Eight Ltd. entered into an agreement to sell all of the issued and outstanding shares of L8 Curacao, AZT and PDS to 1242455 B.C. Ltd. (the "Purchaser), a corporation incorporated under the laws of Province of British Columbia, Canada, in exchange for 30,000,000 common shares of the Purchaser at Canadian Dollars $0.5 per common share. The closing of the transaction has yet taken place and is subject to approval of security commissions.

6 TRANSACTIONS BETWEEN RELATED PARTIES

The Group's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions for those in the normal course of business. Transactions between the Group and its combined, consolidated entities have been eliminated on consolidation and are not disclosed in this note.

The Group's key management personnel are comprised of members of the Board and the executive team which consists of the Interim Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Transactions and balances between the Group and its key management personnel and related parties are as follows:

- Due to related parties

  The Group has a balance payable to related parties of $92,051 as at September 30, 2021 (December 31, 2020 - $94,212). The due to related party balances relate to amounts owed for funds provided for working capital needs by the related parties. These balances are non-interest bearing with no fixed term of repayment.

  As of September 30, 2021 and December 31, 2020, balances due from related parties and due to related parties have been netted off in the interim combined, consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts.

  The following table illustrates netting of balances due to and due from related parties:

	Ledonford Limited	Legacy Eight Group Ltd.	R.S. Real World Services Limited	WestOcean S.A.	Former shareholder of PDS	Total
As at September 30, 2021						
Due from related party	$ 1,188,066	$ 833,796	$ 896,306	$ 9,626,910	$ -	$ 12,545,078
Due to related party	-	(108,507)	(37,989)	(12,472,748)	(17,885)	(12,637,129)
Balance offset per Debt Offset Agreement	(1,188,066)	(725,289)	(858,317)	2,771,672	-	-
Net balance	$ -	$ -	$ -	$ (74,166)	$ (17,885)	$ (92,051)
As at December 31, 2020						
Due from related party	$ 1,191,808	$ 554,888	$ 887,036	$ 9,887,683	$ -	$ 12,521,415
Due to related party	-	(63,110)	(38,948)	(12,495,408)	(18,161)	(12,615,627)
Balance offset per Debt Offset Agreement	(1,191,808)	(491,778)	(848,088)	2,531,674	-	-
Net balance	$ -	$ -	$ -	$ (76,051)	$ (18,161)	$ (94,212)

- Related party transactions between L8 Curacao and Ledonford Limited:

  During the three and nine months periods ended September 30, 2021, L8 Curacao incurred $Nil and $3,952 (three and nine months periods ended September 30, 2020 - $3,905 and $11,211) for payment processing services provided by Ledonford Limited, an entity that is under common control. The amount is included in processing costs on the interim combined, consolidated statement of income (loss) and comprehensive income (loss). As at September 30, 2021, no balance was outstanding for the amount incurred (December 31, 2020 - $15,149).

- Related party transactions between L8 Curacao and R.S Real World Services Limited:
  During the three and nine months periods ended September 30, 2021, L8 Curacao incurred $7,049 and $21,455 (three and nine months periods ended September 30, 2020 - $7,101 and $20,384) for payment processing services provided by R.S. Real World Services Limited, an entity that is under common control. The amount is included in processing costs on the interim combined, consolidated statement of income (loss) and comprehensive income (loss). As at September 30, 2021, no balance was outstanding for the amount incurred (December 31, 2020 - $27,543).
- Related party transactions between L8 Curacao and Legacy Eight Group:
  During the three and nine months ended September 30, 2021, L8 Curacao advanced an additional $81,000 and $279,000, respectively, to Legacy Eight Group Ltd. (three and nine months ended September 30, 2020 - $22,000 and $146,000). During the three and nine months ended September 30, 2021, advances to Legacy Eight Group Ltd. reduced by $Nil and increased by $45,000 (three and nine months ended September 30, 2020 - $Nil and $Nil) due to repayment and additional advance taken by PDS, respectively.
- Related party transactions between L8 Curacao and WestOcean S.A.:
  During the three and nine months periods ended September 30, 2020, L8 Curacao received payment processing and marketing services from WestOcean S.A., and entity under common control, for which no consideration was charged by WestOcean S.A. There were no such services provided by WestOcean S.A. during the three and nine months periods ended September 30, 2021.

The related party transactions were measured at agreed upon transaction amounts. The payment processing services provided by Ledonford Limited are currently at a minimum level, whereas no services have been provided by WestOcean S.A. since August 2020.

The following table illustrates the compensation incurred to key management personnel during the three and nine months ended September 30, 2021 and 2020:

USD					
Name	Position	Q3 2021	Q3 2020	YTDQ3 2021	YTDQ3 2020
Steve Budin	CEO	$ 75,000	$ 50,000	$ 225,000	$ 100,015
Damian Goodwin	COO	34,447	25,861	$ 103,885	$ 88,896
James Dominique/ Daniel Sherratt	CMO	27,558	48,489	$ 83,108	$ 111,524
German Justh	CFO	22,500	22,500	$ 67,500	$ 67,500

Steve Budin joined the group midway 2020, and James Dominique started acting as CMO of the Group in December 2020.

The former CMO of the Group was an employee of PDS and was terminated in November 2020, whereas the current CMO is on contract with L8 Curacao.

7 DISCLOSURE OF OUTSTANDING SHARE DATA

The number of equity-based instruments granted or issued may be summarized as follows:

	September 30, 2021	**December 31, 2020**
Common Shares - L8 Curacao	23	23
Common Shares - AZT	857	857
Common Shares - PDS	1	1
	881	**881**

There was no equity instrument issued during the three and nine-month periods ended September 30, 2021.

8 CRITICAL ACCOUNTING ESTIMATES

The preparation of the Group's combined, consolidated financial statements requires management to make estimates and judgments in applying the Group's accounting policies that affect the reported amounts and disclosures made in the combined, consolidated financial statements and accompanying notes.

Within the context of the combined, consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the combined, consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances.

Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Group believes could have the most significant impact on the amounts recognized in the combined, consolidated financial statements.

Impairment of financial assets

<u>Judgments made in relation to accounting policies applied</u>

The Group measures impairment losses on financial assets that are subsequently measured at amortized cost. Impairment losses are measured based on the expected credit loss ("ECL") model in accordance with IFRS 9, Financial Instruments. The twelve-month or lifetime expected default rates are estimated by management in calculating the expected credit losses.

<u>Key sources of estimation uncertainty</u>

In each stage of the ECL impairment model, impairment is determined based on the probability of default, loss given default, and expected exposures at default. The application of the ECL model requires management to apply the following significant judgments, assumptions, and estimations:

- movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on financial assets subsequently measured at amortized cost. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- thresholds for significant increase in credit risks based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- forecasts of future economic conditions.

Revenue recognition

Judgments made in relation to accounting policies applied

Under IFRS 15, *Revenue from contracts with customers*, management is required to determine when the control of services or goods are transferred to customers and estimate the variable considerations included in the contracts. Management exercise judgment in determining the point in time control of services or goods are transferred and applies estimates based on information available at each reporting date in determining the amount of variable consideration. Management also applied judgment in determining whether the Group acts as principal or agent in its revenue contracts with customers.

Key sources of estimation

In determining the point in time control of services are transferred, management identifies the performance obligations in the contracts and evaluates the satisfaction of performance obligation time point based on business practice in the industry. Management gathered historical return, refund and chargeback information in estimating the amount of variable consideration, due to the limited operation history of the business, actual results may vary from the estimated amount. In determining the Group's role (principal or agent) in its revenue contracts with customers, management considered the operation model and business practice of the industry.

Leases

Judgments made in relation to accounting policies applied

Management exercises judgment in determining the appropriate lease term on a lease-by-lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds and past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the office rental industry may impact management's assessment of lease term.

Key sources of estimation

In determining the carrying amount of right-of-use assets and lease liabilities, the Group is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base commercial lending rate quoted from the central bank of the jurisdiction where the leased asset operates. Management also considers the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

9 CHANGES IN ACCOUNTING POLICY

There have been no changes in the Group's accounting policies in any of the reporting periods discussed in this MD&A.

10 RISK FACTORS AND UNCERTAINTIES

Certain factors, listed below, may have a material adverse effect on the Group's business, financial condition, and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A and the corresponding financial statements.

The risks and uncertainties described herein and therein are not the only ones the Group may face. Additional risks and uncertainties that the Group is unaware of, or that the Group currently believes are not material, may also become important factors that could adversely affect the Group's business. If any of such risks actually occur, the Group's business, financial condition, results of operations, and future prospects could be materially and adversely affected.

INFORMATION SYSTEMS AND CYBERSECURITY RISKS

The Group places significant reliance on its information technology ("IT") systems to operate its business and is dependent upon the availability, capacity, reliability and security of its IT infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. In the event that the Company is unable to secure its software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve its systems, the operation of such systems could be interrupted or result in the loss, corruption or release of confidential data.

The IT systems are subject to a variety of security risks, which are growing in both complexity and frequency and could include potential breakdown, cyber phishing, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of its IT systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential fiduciary or proprietary information, in a loss or theft of our financial resources, critical data and information or could result in a loss of control of our technological infrastructure or financial resources.

The Group maintains security policies and procedures that include employee protocols with respect to electronic communications and electronic devices, encryption protection of all computers and portable electronic devices and conducts annual cyber-security assessments. The Group applies technical and process controls in line with industry-accepted standards and best practices to protect its information, assets and systems. However, due to the variety and sophistication and frequency of change in technology, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a material negative effect on the Group's business, financial condition, and results of operations as well as on the Group's reputation.

MANAGEMENT OF GROWTH

The Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Group to deal with this growth may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

KEY PERSONNEL

The Group may experience the loss of important staff members. The Group is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

LIMITED OPERATING HISTORY

The Group is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

FORECASTING LIMITATIONS

The Group must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cloud kitchen industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

NEED FOR ADDITIONAL FINANCING AND POSSIBLE EFFECTS OF DILUTION

The development of the business of the Group and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Group's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Group. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

INSURANCE AND UNINSURED RISKS

The Group's business is subject to a number of risks and hazards generally, including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

INTERNAL CONTROLS

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

LITIGATION

The Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant Group resources.

GOVERNMENTAL REGULATIONS AND RISKS

Government approvals and permits may in the future be required in connection with the Group's operations. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Group's operations.

COMPETITION

The Group will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Group. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Group. Because of the early stage of the industry in which the Group operates, the Group expects to face additional competition from new entrants. To remain competitive, the Group will require a continued investment in facilities and R&D to be able to compete on costs. The Group may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Group.

BREACH OF CONFIDENTIALITY

While discussing potential business relationships or other transactions with third parties, the Group may disclose confidential information relating to the business, operations or affairs of the Group. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Group at competitive risk and may cause significant damage to its business. The harm to the Group's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Group will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

INABILITY TO PROTECT INTELLECTUAL PROPERTY

The Group's success is heavily dependent upon its intangible property and technology. The Group relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Group relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Group to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Group's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Group's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Group may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Group's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Group's names and logos. If the Group's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Group's business and might prevent its brands from achieving or maintaining market acceptance.

The Group may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Group to incur significant penalties and costs.

INNOVATION RISKS

In the area of innovation, the Group must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Group may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

CONFLICTS OF INTEREST

Directors of the Group are and may become directors of other reporting companies or have significant shareholdings in other gaming companies and, to the extent that such companies may participate in ventures in which the Group may participate, the directors of the Group may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Group and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Group, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Group will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA, as the case may be. Other than as indicated, the Group has no other procedures or mechanisms to deal with conflicts of interest.

SUPPORT OF BANKS AND PAYMENT PROCESSORS

The Group relies on payment processing and banking providers to facilitate the movement of funds between the Group and its customers. Anything that could interfere with the formation or otherwise harm the Group’s relationships with payment and banking service providers could have a material adverse effect on its business, results of operations, financial condition and prospects. The Group’s ability to accept payment from its customers or facilitate withdrawals by them may be restricted by any introduction of legislation or regulations restricting financial transactions with online or mobile gaming operators or prohibiting the use of credit cards and other banking instruments for online or mobile gaming transactions, or any other increase in the stringency of regulation of financial transactions, whether in general or in relation to the gambling industry in particular. Stricter anti-money laundering regulations may also affect the quickness and accessibility of payment processing systems, resulting in added inconvenience to its customers. Card issuers and acquirers may dictate how transactions and products need to be coded and treated which could also make an impact on acceptance rates. Card issuers, acquirers, payment processors and banks may also cease to process transactions relating to the online or mobile gaming industry as a whole or certain operators. This could be due to reputational and/or regulatory reasons or in light of increased compliance standards of such third parties that seek to limit their business relationships with certain industry sectors considered as “high risk”. It may also result in customers being dissuaded from accessing the Group’s product offerings if they cannot use a preferred payment option, or the quality or the speed of the supply is not suitable or accessible to the customers. Any such developments may have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

ONLINE GAMING INDUSTRY IS HIGHLY REGULATED

The Group, its subsidiaries, and their respective officers, directors, major shareholders, key employees and business partners will be subject to the laws and regulations relating to online gaming of the jurisdictions in which the Group may conduct business. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes and climates, as well as personal biases, may have a material impact on the Group's operations and financial results. In particular, some jurisdictions have introduced regulations that restrict or prohibit online gaming, while others have taken the position that online gaming should be licenced and regulated and have adopted, or are considering adopting, legislation to enable that to happen.

In addition, the Group will be subject to the general laws and regulations that apply to all online, digital and e-commerce businesses, such as those related to privacy and personal information, data security, tax, and consumer protection. The laws and regulations vary in each jurisdiction and future legislative and regulatory action, court decisions, and/or other governmental action, which could be affected by, among other things, political pressures, attitudes and climates, may have a material impact on the Group's operations and financial outcomes.

SOCIAL RESPONSIBILITY CONCERNS

Public opinion can significantly influence the regulation of online gaming. A negative shift in the perception of online gaming by the public or by politicians, lobbyists or others could affect future legislation or regulation in different jurisdictions. Among other things, such a shift could cause jurisdictions to abandon proposals to legalize online gaming, thereby limiting the number of new jurisdictions into which the Group could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming in jurisdictions in which the Group may operate.

In addition, concerns with safer betting and gaming could lead to negative publicity, resulting in increased regulatory attention, which may result in restrictions on the Group's future operations. If the Group had to restrict its future marketing or product offerings or incur increased compliance costs, this could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group will likely face scrutiny related to environmental, social, governance and responsible gaming activities, and its reputation and the value of its brands can be materially adversely harmed if it fails to act responsibly in a number of areas, such as environmental, supply chain management, climate change, diversity and inclusion, workplace conduct, responsible gaming, human rights, philanthropy and support for local communities. Any harm to the Group's reputation could impact employee engagement and retention, and the willingness of future customers and the Group's partners to do business with it, which could have a materially adverse effect on its business, results of operations and cash flows.

THE GROUP MAY BE SUBJECT TO REGULATORY INVESTIGATIONS

From time to time, the Group and its subsidiaries may receive formal and informal inquiries from government authorities and regulators, including securities authorities, tax authorities and gaming regulators, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject the Group to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause the Group to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

ONLINE GAMING INDUSTRY RELIANT ON MOBILE ADVERTISING

The online gaming industry is a relatively new and rapidly evolving industry and as such it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online and mobile advertising, that the supply of advertising inventory will not exceed demand or that smartphone penetration in the in the jurisdictions in which the Group operates will continue to grow. If the industry grows more slowly than anticipated or the Group's products and services fail to achieve market acceptance, the Group may be unable to achieve its strategic objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operations.

THE COVID-19 OUTBREAK AND ITS EFFECT ON THE GROUP'S BUSINESS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Group's environment and in the global markets, disruption in supply chains, and measures introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Group's future operations and financial results.

The Group cannot estimate the length and gravity of the COVID-19 pandemic. The Group is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

While the continuing development of the pandemic presents uncertainty over future revenues and financing abilities, management expects the Group will have adequate cash flow to fund its operations during this crisis through existing revenue and financing sources that have confirmed their funding intentions and tight controls over operating expenses.

LottoKings Group of Companies

MANAGEMENT DISCUSSION & ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

1. MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for LottoKings Group on a combined and consolidated basis, for the year ended December 31, 2020 ("F2020"). References to "LottoKings", or the "Group" in this MD&A refer to LottoKings Group, which includes the following entities, unless the context requires otherwise:

(i) Legacy Eight Curacao N.V. ("L8 Curacao"), owned 100% by Legacy Eight Ltd., a corporation incorporated in Curacao. L8 Curacao also has two wholly owned subsidiaries, Legacy Eight Malta Ltd. ("L8 Malta") and Bulleg Eight Limited ("Bulleg"), incorporated in Malta and Cyprus, respectively;

(ii) Azteca Messenger Services S.A. de C.V. ("AZT"), a corporation incorporated in Mexico, owned 99.82% by Legacy Eight Ltd.;

(iii) Phoenix Digital Services Ltd. ("PDS"), a corporation incorporated in the United Kingdom ("UK"), was controlled by a key management personnel of Legacy Eight Ltd. as at January 1, 2019 and during the years ended December 31, 2020 and 2019. Subsequent to December 31, 2020, the key management personnel transferred 100% of the issued and outstanding common shares of PDS to Legacy Eight Ltd. (Note 13).Litermi S.A. ("Litermi"), a wholly owned subsidiary of PDS, and was incorporated in Uruguay.

This document should be read in conjunction with the information presented in the audited combined, consolidated financial statements for the years ended December 31, 2020 and 2019 (the "2020 and 2019 financial statements").

For reporting purposes, the Group prepared the financial statements in United States Dollars ("USD") and, unless otherwise indicated, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information contained in this MD&A was derived from the 2020 and 2019 financial statements. Unless otherwise indicated, all references to a specific "note" refer to the notes to the 2020 and 2019 financial statements.

This MD&A references non-IFRS financial measures, including those under the headings "Selected Financial Information" and "Key Metrics" below. The Group believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business and making decisions. Although management believes these financial measures are important in evaluating the Group, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. Non-IFRS measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These measures may be different from non-IFRS financial measures used by other companies, limiting their usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for period-over-period comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on the Group's operating results.

For purposes of this MD&A, the term “gaming license” refers collectively to all the different licenses, consents, permits, authorizations, and other regulatory approvals that are necessary to be obtained in order for the recipient to lawfully conduct (or be associated with) gaming in a particular jurisdiction.

Unless otherwise stated, in preparing this MD&A the Group has considered information available to it up to July 29, 2021, the date the Group’s board of directors (the “Board”) approved this MD&A.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking information and statements (collectively, "forward-looking statements") within the meaning of the Canadian securities legislation and applicable securities laws, including financial and operational expectations and projections. These statements, other than statements of historical fact, are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect the Group, its subsidiaries and their respective customers and industries. Although the Group and management believe the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply" or the negative of these words or other variations or synonyms of these words or comparable terminology and similar expressions.

By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among other things, the Group's stage of development, long-term capital requirements and future ability to fund operations, future developments in the Group's markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Group's operations. Each factor should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. See the section, "Risk Factors and Uncertainties", below noting that these factors are not intended to represent a complete list of the factors that could affect the Group.

Shareholders and investors should not place undue reliance on forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Unless otherwise indicated by the Group, forward-looking statements in this MD&A describe the Group's expectations as of July 29, 2021 and, accordingly, are subject to change after such date. The Group does not undertake to update or revise any forward-looking statements, except in accordance with applicable securities laws.

3. LIMITATIONS OF KEY METRICS AND OTHER DATA

The Group's key metrics are calculated using internal Group data. While these numbers are based on what the Group believes to be reasonable judgments and estimates of customer numbers for the applicable period of measurement, there are certain challenges and limitations in measuring the usage of its product offerings across its customer base. In addition, the Group's key metrics and related estimates may differ from estimates published by third parties or from similarly titled metrics of its competitors due to differences in methodology and access to information.

For important information on the Group's non-IFRS measures, see the information presented in "Key metrics" and "Selected financial information" below. The Group continually seeks to improve its estimates of its active customer base and the level of customer activity, and such estimates may change due to improvements or changes in the Group's methodology.

LottoKings Group: Overview and Strategy

LottoKings Group is a business to consumer service provider that allows users to participate in lotteries and casino-style online games throughout the world all from the comfort of their own homes with a simple login and access. The Group offers an easy transition from lottery to casino gambling that attracts players to easily participate in both game types. Players are of age or majority, and are monitored for problem gambling issues according to requirements under the Curacao Gaming License. Legacy Eight operates through multiple established brands and websites, which include www.wintrillions.com, www.trillionaire.com and www.LottoKings.com (the "Brands").

The Brand sites are a destination for users to participate in lottery jackpots operated by fully regulated and legal lotteries across the world. Users may directly participate in lotteries or purchase shares in a pool of lottery plays by joining lottery teams or syndicates. Users may also utilize lottery subscriptions to participate in every draw of a specific lottery without the stress or worry of ever missing another draw.

In addition to the lottery services, the group offers a connected experience that enables users to play and switch with ease between scratch cards and casino games. The Group's software technology provides casino games within a user's own web browser, without the need for any download. Users may easily access and enjoy a variety of different casino-style games. The games have several variations with minimum and maximum betting ranges, with winnings automatically credited to a user's account.

Lottoking's strategy includes promoting the Brand sites through a variety of international advertisers and through strategic business relationships with online gaming affiliates all in compliance with the Curacao Gaming License.

The development, licensing, and protection of intellectual property is a core part of the Group's business strategy and is a key element to its success. The current intellectual property rights currently provide broad and comprehensive coverage and access for our products and services. The Group's business practices protect our intellectual property rights in our core business through non-disclosure and confidentiality policies and provisions and the use of appropriate intellectual property ownership and assignment provisions and restrictive covenant agreements with, among others, our employees, contractors, consultants, manufacturers, suppliers, customers and stakeholders. The Group actively seeks to protect and enforce its intellectual property rights to prevent unauthorized use by third parties, including through applications for injunctive relief and litigation, as necessary.

LottoKings continues to invest in building a strong, experienced management team to drive these strategic initiatives. The design, development and distribution of online lotteries and casino-style games requires specialized skills and knowledge. The Group's management team has considerable specialized skill, knowledge and experience in the online gaming industry. As at December 31, 2020, the Group had, in the aggregate, 38 employees and an additional 13 short-term contractors.

4. OVERVIEW OF 2020

4.1 EXECUTIVE SUMMARY

Financial performance during the year ended December 31, 2020

The Group is pleased to report positive trading momentum during the year ended December 31, 2020. The Group has reported net income and positive cash flows from operating activities during its year ended December 31, 2020 and 2019.

<u>Revenue</u>

The Group has two major sources of revenue:

- Lottery procurement revenue:
    a. Messenger stream – the Group acts as agent in the transaction and procures lottery tickets on behalf of customers; and the
    b. Syndication stream where the customers enter into a betting pool to bet at the winning combination of lotteries. Under the Syndication stream, the physical lottery tickets are not purchased
- Scratchcard and online casino revenue: instant scratchcard and online casino games available to customers

The Group's revenue for the year ended December 31, 2020 decreased the previous year by 23% to $6.2M (2019 – $8.4M). The Group's decrease in revenue was mainly due to reduction in lottery procurement revenue.

The Group's lottery procurement revenue has decreased by 32% from $7.8M to $5.3M in 2020, as the Group is focused in bringing in revenue with higher margin to facilitate the bottom line. On the other hand, the online casino and scratchcard revenue is demonstrating an annual growth rate of 38% from $603,000 in 2019 to $830,000 in 2020.

Gross profit decreased compared to the previous year by 21.5% to $3.57M (2019 - $4.55M) with gross margins increased by 4% to 58% (2019 - 54%). The improvement in gross profit is a result of reduced commission expenses. The Group's focused marketing approach led to less reliance on third party call centres which charged commissions on revenue brought in.

Operating Expenses

	Dec 2020	Dec 2019
Operating Expenses		
Salaries and benefits	1,311,779	728,344
Marketing expenses	244,011	887,084
Expected credit losses	53,700	76,859
Bank charges and fees	58,187	14,892
General and administrative (Note 11)	88,344	184,763
IT services	266,459	239,671
Interest on lease liabilities	1,941	19,509
Professional fees	404,795	466,863
Vehicles and travel	9,837	33,932
Restructuring costs	9,699	-
Amortization of right-of-use assets	49,124	101,678
Amortization of property and equipment	-	5,922
	2,497,876	2,759,517
Income before undernoted items and income taxes	1,076,294	1,793,927

Operating expenses decreased from the previous year by 9.5% to $2.5M (2019 - $2.8M) which represents 38% of the revenue (2019 – 33%). Main movements in the year were driven by the following:

A. Salaries and benefits increased by 80.1% to $1.31M (2019 - $728,000) as the Group used to house its employees under WestOcean S.A., whose financial results are not combined in the Group's combined, consolidated financial statements in 2019. Starting May 2020, the Group has moved all of its employees to Litermi, and as such, there is an increase in 2020 salaries and benefits. Starting 2021, the salaries and benefits will become comparable.

B. Marketing expenses decreased by 72.49% to $244,000 (2019 - $887,000) mainly due to the Group's more focused marketing approach. Management decided to promote the business with selected marketing channels to control the cost.

C. Expected credit losses reduced by $23,000 to $54,000 (2019 - $77,000) mainly due to improved collection results from processors, and the Group has been diligently selecting the payment process service providers.

D. Bank charges and fees increased by $43,000 to $58,000 (2019 - $15,000) due to bank charges in the newly incorporated entity Bulleg for $9,000, increased bank charges in L8 Curacao and L8 Malta for $18,000, as well as fine and surcharges of $24,000 in Litermi due to incompliance with payroll source deduction remittance.

E. General and administrative expenses decreased by $96,000 to $88,000 (2019 - $185,000) due to reduced office sharing fees paid to a related party (decrease of $57,000) and reduced office overhead as a result of the COVID-19 pandemic, as employees are mostly working from home.

F. IT services increased slightly by $26,000 to $266,000 (2019 - $240,000) due to increased IT maintenance and upgrade works done on the websites.

G. Interest on lease liabilities reduced to $2,000 (2019 - $20,000) due to termination of the Litermi office lease in June 2020.

H. Professional fees reduced by $62,000 to $405,000 (2019 - $467,000) due to reduction in recruitment fees in PDS of $40,000, the recruitment events were completed in 2019. Also, a member of the management was paid consulting fees of $30,000 in 2019 and was moved to payroll of Litermi in 2020. The increase was offset by decrease in professional fees in AZT.

I. Vehicles and travel reduced by $24,000 to $10,000 (2019 - $34,000) due to travel restrictions after outbreak of COVID-19.

J. Restructuring costs amounted to $10,000 (2019 - $nil) due to fees incurred on a one-time liquidation event in L8 Malta.

K. Amortization of right-of-use assets reduced by $53,000 to $49,000 (2019 - $102,000) due to termination of office lease in Litermi in June 2020.

Foreign exchange loss amounted to $614,000 during the year ended December 31, 2020 (2019 – gain of $76,000). The foreign exchange loss mainly represents unrealized loss from conversion of monetary asset or liabilities denominated in a currency other than the individual entities' functional currencies. Such foreign exchange loss is due to depreciation of USD against the functional currencies of various entities' other than USD.

Income tax provision increased from $43,000 in 2019 to $87,000 in 2020, mainly due to increase in deferred income tax expenses through utilizing tax losses carried forward that were recognized as deferred income tax assets in previous years.

Total net income for the year ended December 31, 2020 reduced to $386,000 from $1.82M in 2019, mainly attributable to increase in foreign exchange loss of $690,000 and reduction in gross profit of $979,000, which is offset by net decrease in operating and income tax expenses of $235,000.

The Group's continues to demonstrate strong profitability, with Adjusted EBITDA margin at 18.53% during the year ended December 31, 2020 (2019 – 22.19%). Adjusted EBITDA margins decreased by 3.66% as operating expenses did not drop proportionately to decrease in revenue. A reconciliation between the current quarter's reported figures and the prior year quarter's figures to Adjusted EBITDA is shown in Note 5.3.

Cash flow used in operating activities for the year ended December 31, 2020 was $619,000 (2019 - $289,000 provided by operating activities). The decrease was primarily due to reduced revenue volume and lesser deferred revenue recorded by end of the year.

Cash flow used in financing activities consists of repayment of lease liabilities, and resulted in outflow of $57,000 during the year ended December 31, 2020 (2019 - $90,000).

Financial position:

Cash as of December 31, 2020 reduced slightly to $425,000 (December 31, 2019 - $485,000) primarily due to cash used to repay lease liabilities.

Due from processors as of December 31, 2020 totalled $938,000 (December 31, 2019 - $1.05M) due to reduced volume in revenue and improvement on collection with payment processors.

As at December 31, 2020, government remittance recoverable increased by $14,000 to $88,000 (December 31, 2019 - $74,000), the increase is driven by increased sales tax recoverable in L8 Malta and Litermi due to increased expenses within the two entities.

Prepaid expenses and other assets as of December 31, 2020 decreased by $60,000 to $131,000 (December 31, 2019 - $191,000) due to decrease in Litermi's guarantee deposit on the office lease that terminated in June 2020.

Income taxes recoverable reduced to $nil as at December 31, 2020 (December 31, 2019 - $22,000). The income taxes recoverable was arising from AZT in 2019, whereas in 2020, AZT is in a payable position due to profit for income tax purpose.

Deferred income tax assets reduced by $12,000 to $11,000 on December 31, 2020 (December 31, 2019 - $23,000) due to net income for tax purpose in L8 Curacao, which resulted in utilization of tax losses carried forward.

Right-of-use assets decreased by $304,000 to $7,000 as of December 31, 2020 (December 31, 2019 - $311,000) due to change in management's expectation of exercising the renewal option for the office lease in Litermi. The lease was terminated in June 2020.

Accounts payable and accrued liabilities as of December 31, 2020 decreased by $156,000 to $831,000 (December 31, 2019 - $987,000) as result of decreased trade payables and accrued operating expenses.

Income taxes payable increased to $83,000 as at December 31, 2020 (December 31, 2019 - $30,000), the increase is due to taxable income in L8 Curacao (increase in tax provision of $43,000) and AZT (increase in tax provision of $10,000).

Government remittance payable reduced by $26,000 to $10,000 as at December 31, 2020 (December 31, 2019 - $36,000). The decrease is due to decrease in payroll tax source deduction payable in PDS and Litermi of $12,000 and $14,000, respectively.

Deferred revenue balance represents users' prepaid account balance that has not been utilized yet and consideration collected prior to procurement of lottery tickets. As at December 31, 2020, such balance decreased to $174,000 (December 31, 2019 - $582,000) mainly due to reduced volume in revenue.

Due to related party balance decreased by $716,000 to $94,000 as at December 31, 2020 (December 31, 2019 - $810,000) due to additional advances provided by related parties and fluctuation in foreign exchange rates.

As of December 31, 2020, lease liabilities balance reduced to $8,000 from $322,000 on December 31, 2019 due to repayment as well as change in expectation to exercise the renewal option on Litermi office lease, which terminated in June 2020.

Financial performance of Q4 2020

Revenue and gross margin

Revenue for the three-months ended December 31, 2020 amounted to $1.6M compared to $1.8M for the same period in 2019. The reduction of $186,000 or 10.42% is primarily due to more streamlined marketing activities, the Group has been focusing on specific marketing channels to reduce the overhead costs. Gross profit increased by $36,000 to $892,000 during the three months ended December 31, 2020 (Three months ended December 31, 2019 - $856,000) despite reduction in revenue. Gross margin for the three months ended December 31, 2020 increased to 56% (Three months ended December 31, 2019 – 48%), the Group's gross margin increased significantly as a result of reduced external commission expenses.

Expenses

The Group's operating expenses reduced by $79,000 to $754,000 during the three-month period ended December 31, 2020 from the same period prior year (Three months ended December 31, 2019 - $833,000) The decrease is mainly due to reduction in marketing expenses of $175,000, which is offset by increase in salaries and benefits of $115,000. Decrease in amortization of right-of-use assets of $19,000 due to termination of Litermi office lease in Q2 2020.

Profitability

The Group's Adjusted EBITDA increased to $147,000 during three months ended December 31, 2020 compare to same period in prior year (Three months ended December 31, 2019 - $41,000). Such increase is driven by increase in gross profit and reduction in operating expenses as discussed above.

Subsequent events

(1) On February 24, 2021, Legacy Eight Ltd. entered into an agreement to sell all of the issued and outstanding shares of L8 Curacao, AZT and PDS to 1242455 B.C. Ltd. (the "Purchaser), a corporation incorporated under the laws of Province of British Columbia, Canada, in exchange for 30,000,000 common shares of the Purchaser at Canadian Dollars $0.5 per common share. The closing of the transaction has yet taken place and is subject to approval of security commissions.

(2) On February 22, 2021, the shareholder of PDS entered into a share sale agreement with Legacy Eight Ltd. Under the term of the agreement, all of the issued and outstanding ordinary share of PDS was sold to Legacy Eight Ltd. for $100,000.

(3) On December 2, 2021, the entities within the Combined Group entered into a Debt Offset Agreement with related parties to offset the balances due from related parties and due to related parties. The agreement provides the parties with a legal enforceable right to offset the recognized amounts with an effective date of April 7, 2017. Accordingly, the combined, consolidated financial statements have presented the balances due from related parties and due to related parties on a net basis.

Strategic progress

LottoKings' strategy includes promoting the Brand sites through a variety of international advertisers and through strategic business relationships with online gaming affiliates all in compliance with the Curacao Gaming License.

The Group's growth strategy will be implemented based on the business objectives:

(1) Upgrade the Group's website

The Group is looking to make significant upgrades to the www.LottoKings.com website providing users with a significantly improved experience on mobile distribution platforms, and re-working the user journey to make the process of using the site as simple, intuitive and friction-free as possible. The 'look and feel' of the site will also be re-worked to make the site content more modern and attractive with the goal of increasing user conversion rates for first-time visitors and engagement for existing users. Additionally, the site will make new products available to users, adding new casino and instant-win game content all of which will be compliant with the Curacao Gaming License.

(2) Launch native mobile apps

The Group will launch mobile apps on both the iOS and Android operating systems. The app will provide users to access functionality comparable to the Group's desktop sites in a native mobile format, including allowing users to check results from draws and set alerts for jackpots meeting user-specified minimum thresholds. Multiple versions of the app may be launched, corresponding to different brands owned by the Group. These apps will result in a more seamless user experience for the Group's mobile users, and allow the Group to convert additional users to its platform through its presence on various app stores.

(3) Expand Group's lottery games offering

The Group will increase the variety of lottery games available through its platform. This will increase user choice and make the Group's offering more competitive in the marketplace. It will also provide a boost to the Group's user acquisition efforts by allowing the Group to reach a previously untapped pool of users who may be aware of the new lottery games the Group plans to offer, but may not have otherwise been aware of the Group's sites or services.

(4) Upgrade the Group's "back end" functionality

The Group will make upgrades to its "back end" systems – the internal systems underlying the Group's various websites. This will improve the user experience for visitors of the websites by increasing their responsiveness and allowing Group staff to address user concerns more effectively. It will also allow the Group to scale its operations more effectively by allowing its systems to on-board and support higher numbers of users. Additionally, the upgrades will increase the ease through which the Group may comply with the requirements of various gaming licenses from jurisdictions other than Curacao, allowing it to expand its offering to such jurisdictions more easily if it chooses to do so in the future.

(5) Create 'satellite sites' and upgrade SEO efforts

The Group will create 'satellite sites' advertising its services in various Latin American jurisdictions. These sites will contain SEO-optimized content related to lottery jackpots and other associated matters, and will attempt to steer users to the main websites through which the Group offers its products and services. The Group will begin this strategy by creating a few websites in certain targeted jurisdictions and monitoring the results. Subsequently, the Group plans to expand its offering throughout Latin America depending on the success of the targeted websites. In conjunction with this effort, the Group will employ a SEO consultant tasked with overhauling the Group's SEO efforts including improving its organic search engine optimization activities.

(6) Advertising campaign based on LottoHub app

The Group will develop a native app focusing on general lottery content under the name "LottoHub." The app will contain general information on various lotteries, including jackpots, drawing dates, and costs to enter. The app will be designed in a manner aimed at converting users who initially use the app as a free lottery information resource into paying customers on the Group's other properties.

The LottoHub app will not allow users to purchase lottery tickets directly. This will allow the app to be marketed through various platforms that restrict direct advertising of gambling services, such as Facebook and Instagram. The Group will then engage in a paid advertising campaign on these platforms, with the aim of increasing its user base and converting users to its other properties. The Group intends to commence by spending approximately $250,000 across various platforms to test the effectiveness of this approach, then potentially expand its campaign significantly depending on the results of such campaigns, including their effect on key performance indicators such as its Paying Customer Acquisition Costs and Daily and Monthly Active Users across its platforms.

(7) Acquire complementary businesses and properties

The Group intends to engage in an acquisition strategy focused on acquiring business and technologies that will complement the Group's business. In particular, the Group will target other business engaged in substantially the same business as the Group, with an established brand name and customer base, whose operations may be easily integrated with those of the Group. The Group will also seek out assets that may assist its marketing strategy, including existing apps or media platforms with a connection to lotteries and an established user base that may be re-purposed to direct users to the Group's platforms.

Regulatory updates in various geographies

The Group does not provide gaming, betting or lottery products in jurisdictions other than the ones indicated below.

Curacao

L8 Curacao holds a valid Curacao Gaming License which allows it to provide online gaming products and services, including its gaming platform, from its home jurisdiction. The Curacao Gaming License has few restrictions on what markets L8 Curacao's websites may be accessed for real money play. L8 Curacao is in compliance with the applicable restrictions. The lotteries in which L8 Curacao permits its users to participate through its online platform are operated in full legal compliance with the laws of their home jurisdiction, and in many cases operated by a government entity. L8 Curacao does not allow players that are resident in Canada or the United States to purchase any gaming, betting or lottery services or products from its websites.

Outlook

The Group's continued to invest in various marketing channels, especially on social media, during the first quarter of 2021. The Group's gross margin stayed strong and is looking to facilitate its top line through enhanced marketing activities.

The global outbreak of COVID-19, has had, and continues to have, a significant impact on the global economy. The Group derives the majority of its revenue from online gaming. This sector has largely benefited from the various international "lock downs", requiring people to stay at home. As a result, such forms of entertainment have prevailed in a similar fashion to the various streaming businesses such as Netflix have. Furthermore, the Group has limited exposure to sports betting revenue that have obviously been impacted by the lack of professional sports. Management continues to monitor the effects COVID-19 on the Group's performance and will amend its outlook as, and if, it deems necessary.

5. FINANCIAL RESULTS

5.1 BASIS OF FINANCIAL DISCUSSION

The financial information presented below has been prepared to examine the results of operations from continuing activities.

The presentation currency of the Group is the USD, while the functional currencies of the entities combined or consolidated are United States dollar, EURO, British pound sterling, Mexican Peso and Uruguayan Peso due to primary location of individual entities within the Group. The presentation currency of the USD has been selected as it best represents the majority of the Group's economic inflows, outflows as well as its assets and liabilities.

5.2 SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data of the Group for the years ended December 31, 2020 and 2019.

The primary non-IFRS financial measure which the Group uses is Adjusted EBITDA[1]. When internally analyzing underlying operating performance, management excludes certain items from EBITDA (earnings before interest, tax, depreciation, and amortization). See Section 5.3 for calculation of EBITDA and Adjusted EBITDA.

USD 000	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue	$ 6,158	$ 8,431	$ 11,266
Net Income from continuing operations	386	1,821	(3,003)
EBITDA	524	1,991	(2,959)
Adjusted EBITDA	1,141	1,871	(2,188)
Adjusted EBITDA margin	18.53%	22.19%	(19.4%)

	As at December 31, 2020	As at December 31, 2019	As at December 31, 2018
Total assets	$1,602	$2,164	$2,684
Total non-current financial liabilities	nil	224	310
Dividends paid	nil	nil	nil

Non-current financial liabilities consist of lease obligations on right of use assets in relation to office leases.

During the year ended December 31, 2018, the Group incurred $5.92M to WestOcean S.A., a company under common control with L8 Curacao for payment processing and back office support performed. The amount exceeded the actual costs incurred by WestOcean S.A., and starting Q2 2020, all such services and costs are incurred by Litermi.

With the exception of EBITDA and Adjusted EBITDA, the financial data has been prepared to conform with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These accounting principles have been applied consistently across for all reporting periods.

[1] Adjusted EBITDA excludes income or expenses that relate to exceptional items and non-cash charges and includes deductions for lease expenses that are recognized as part of depreciation and finance charges under IFRS 16.

5.3 OTHER SELECTED FINANCIAL INFORMATION

Additional selected financial information as follows:

USD 000	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenue	$ 6,158	$ 8,431
Cost of revenue	2,584	3,878
Gross profit	3,574	4,553
Gross margin	58%	54%

USD 000	As at December 31, 2020	As at December 31, 2019
Total assets	1,602	2,164
Total liabilities	1,201	2,766

DUE FROM PROCESSORS, NET

USD 000	As at December 31, 2020	As at December 31, 2019
Due from processors	$ 1,219	$ 1,312
Provision for chargebacks and reversals	(108)	(113)
Provision for expected credit loss	(173)	(144)
Trade and Other Receivables	938	1,055

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

USD 000	As at December 31, 2020	As at December 31, 2019
Trade payables	$ 512	$ 535
Customer claims payable	26	39
Payroll accrual	73	31
Accrued expenses	220	382
Accounts payable and accrued liabilities	831	987

To supplement its December 31, 2020 financial statements presented in accordance with IFRS, the Group considers certain financial measures that are not prepared in accordance with IFRS. The Group uses such non-IFRS financial measures in evaluating its operating results and for financial and operational decision-making purposes. The Group believes that such measures help identify underlying trends in its business that could otherwise be masked by the effect of the expenses that it excludes in such measures.

The Group also believes that such measures provide useful information about its operating results, enhance the overall understanding of its past performance and future prospects and allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. However, these measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. There are a number of limitations related to the use of such non-IFRS measures as opposed to their nearest IFRS equivalents.

A reconciliation of operating loss to EBITDA and Adjusted EBITDA is as follows:

USD 000	Years ended December 31, 2020	2019
Net income	$ 386	$ 1,821
Income tax provision	87	43
Interest on lease liabilities	2	19
Amortization	49	108
EBITDA	524	1991
Amortization of right-of-use assets	(49)	(102)
Lease interest expense	(2)	(19)
Expected credit loss	54	77
Foreign exchange loss (gain)	614	(76)
Adjusted EBITDA	1,141	1,871

Foreign exchange loss (gain) represents unrealized foreign exchange loss (gain) arising from financial assets and liabilities denominated in a currency other than the individual entity's functional currency.

5.4 SUMMARY OF QUARTERLY RESULTS

The following table presents the selected financial data for continuing operations for each of the past eight quarters of the Group.

	2019				2020			
USD 000	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	3,005	1,817	1,826	1,784	1,504	1,620	1,436	1,598
Net income	1,005	395	341	80	693	116	(31)	(392)
EBITDA	1,061	436	381	113	712	131	(32)	(287)
Adjusted EBITDA	983	390	457	41	228	565	201	147

The Group continuosly generated positve Adjusted EBITDA over the past eight quarters despite reduction in revenue, reduction in EBITDA is mainly resulted from fluctuation in foreign exchange gain/loss.

5.5 LIQUIDITY AND CAPITAL RESOURCES

The Group's principal sources of liquidity are its cash generated from operations and advances from related party. Currently available funds consist primarily of cash on deposit with financial institutions. The Group calculates its working capital requirements from continuing operations as follows:

USD 000	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents	$ 425	$ 485
Due from processors, net	937	1,054
Government remittances recoverable	88	74
Prepaid expenses and other assets	131	191
Income taxes recoverable	-	22
	1,581	1,826
Current liabilities	(1,201)	(2,542)
Net working capital (deficiency)	380	(716)

The undiscounted contractual maturities of significant financial liabilities and the total contractual obligations of the Group as at December 31, 2020 for each of the next five years and thereafter are below:

USD 000	2021	2022	2023	2024	Thereafter	Total
Accounts payable and accrued liabilities	831	-	-	-	-	831
Due to related party	94	-	-	-	-	94
Lease liabilities	8	-	-	-	-	8
	933	-	-	-	-	933

MARKET RISK

The Group is exposed to market risks, including changes to foreign currency exchange rates and interest rates.

FOREIGN CURRENCY EXCHANGE RISK

The Group is exposed to foreign currency risk, which includes risks related to its revenue and operating expenses denominated in currencies other than USD, which is both the reporting currency and primary contracting currency of the Group’s customers. Accordingly, changes in exchange rates may in the future reduce the purchasing power of the Group’s customers thereby potentially negatively affecting the Group’s revenue and other operating results.

The Group has experienced and will continue to experience fluctuations in its net income (loss) as a result of translation gains or losses related to revaluing certain monetary asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

LIQUIDITY RISK

The Group is also exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The primary sources of liquidity risk are accounts payable and accrued liabilities, lease liabilities and amounts due to related party. The Group's ability to meet its obligations depends on the receipt of funds from its operations. Management monitors its working capital to ensure the obligations under current liabilities are met on timely basis.

5.6 CASH FLOW SUMMARY

The cash flow from continuing operations may be summarized as follows:

	Years Ended December 31,	
USD 000	2020	2019
Operating activities	(619)	289
Financing activity	(57)	(90)
Effect of foreign exchange	617	(142)
Net cash flow from (used in) continuing operations	(59)	57

Cash flows used in financing activity consists of cash used to repay lease liabilities.

5.7 OFF-BALANCE SHEET ARRANGEMENTS

The Group has no off-balance sheet arrangements during the years ended December 2020 and 2019.

5.8 PROPOSED TRANSACTIONS

On February 24, 2021, Legacy Eight Ltd. entered into an agreement to sell all of the issued and outstanding shares of L8 Curacao, AZT and PDS to 1242455 B.C. Ltd. (the "Purchaser), a corporation incorporated under the laws of Province of British Columbia, Canada, in exchange for 30,000,000 common shares of the Purchaser at Canadian Dollars $0.5 per common share. The closing of the transaction has yet taken place and is subject to approval of security commissions.

6 TRANSACTIONS BETWEEN RELATED PARTIES

The Group's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions for those in the normal course of business. Transactions between the Group and its combined, consolidated entities have been eliminated on consolidation and are not disclosed in this note.

The Group's key management personnel are comprised of members of the Board and the executive team which consists of the Interim Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Transactions and balances between the Group and its key management personnel and related parties are as follows:

- Due to related parties

  The Group has a balance payable to related parties of $94,212 as at December 31, 2020 (2019 - $809,802). The due to related party balances relate to amounts owed for funds provided for working capital needs by the related parties. These balances are non-interest bearing with no fixed term of repayment.

  As of December 31, 2020, December 31, 2019 and January 1, 2019, balances due from related parties and due to related parties have been netted off in the combined, consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts.

  The following table illustrates netting of balances due to and due from related parties:

	Ledonford Limited	Legacy Eight Group Ltd.	R.S. Real World Services	WestOcean S.A.	Shareholder of PDS	Total
As at December 31, 2020						
Due from related party	$ 1,191,808	$ 554,888	$ 887,036	$ 9,887,683	$ -	$ 12,521,415
Due to related party	-	(63,110)	(38,948)	(12,495,408)	(18,161)	(12,615,627)
Balance offset per Debt Offset Agreement	(1,191,808)	(491,778)	(848,088)	2,531,674	-	-
Net balance	$ -	$ -	$ -	$ (76,051)	$ (18,161)	$ (94,212)
As at December 31, 2019						
Due from related party	$ 1,265,202	$ 205,284	$ 884,008	$ 9,631,105	$ -	$ 11,985,599
Due to related party	-	(98,157)	(39,747)	(12,636,889)	(20,608)	(12,795,401)
Balance offset per Debt Offset Agreement	(1,265,202)	(107,127)	(844,261)	2,216,590	-	-
Net balance	$ -	$ -	$ -	$ (789,194)	$ (20,608)	$ (809,802)
As at January 1, 2019						
Due from related party	$ 1,209,799	$ 1,077,635	$ 878,158	$ 8,549,526	$ -	$ 11,715,118
Due to related party	-	(101,451)	(41,740)	(14,003,489)	(23,668)	(14,170,348)
Balance offset per Debt Offset Agreement	(1,209,799)	(976,184)	(836,418)	3,022,401	-	-
Net balance	$ -	$ -	$ -	$ (2,431,562)	$ (23,668)	$ (2,455,230)

- Related party transactions between L8 Curacao and Ledonford Limited:

  During the year ended December 31, 2020, L8 Curacao incurred $15,149 (2019 - $14,750) for payment processing services provided by Ledonford Limited, an entity that is under common control. The amount is included in processing costs on the combined, consolidated statement of income and comprehensive income. As at December 31, 2020, $15,149 (December 31, 2019 - $14,750) remained unpaid and was netted against due from related parties on the combined, consolidated statements of financial position.

- Related party transactions between L8 Curacao and R.S Real World Services Limited:
  During the year ended December 31, 2020, L8 Curacao incurred $27,543 (2019 - $26,819) for payment processing services provided by R.S. Real World Services Limited, an entity that is under common control. The amount is included in processing costs on the combined, consolidated statement of income and comprehensive income. As at December 31, 2020, $27,543 (December 31, 2019 - $26,819) remained unpaid and was netted against due from related parties on the combined, consolidated statements of financial position.
- Related party transactions between Litermi and Bragg Gaming Group:
  During the year ended December 31, 2020, Litermi incurred $29,879 (2019 - $86,796) to Bragg Gaming Group, an entity with which Litermi shares a key management personnel with. The amount was incurred to compensate Bragg Gaming Group for shared office area, and included in office and general on the combined, consolidated statement of income and comprehensive income. The amounts were fully paid during the year ended December 31, 2020 and 2019.
- Related party transactions between L8 Curacao and Legacy Eight Group:
  During the year ended December 31, 2020, L8 Curacao advanced $349,604 (2019 - repayment of $872,351 from Legacy Eight Group Ltd.) to Legacy Eight Group Ltd. During the year ended December 31, 2020, PDS repaid approximately $35,000 (2019 - $Nil) to Legacy Eight Group Ltd. Legacy Eight Group Ltd. indirectly controls L8 Cucacao and AZT through its 100% ownership in Legacy Eight Ltd.
- Related party transactions between L8 Curacao and WestOcean S.A.:
  During the years ended December 31, 2020 and 2019, L8 Curacao received payment processing and marketing services from WestOcean S.A., and entity under common control, for which no consideration was charged by WestOcean S.A. During the year ended December 31, 2020, L8 Curacao repaid approximately $141,000 (2019 - $1,367,000) to WestOcean S.A. for the balances due. The outstanding balance due to WestOcean S.A. was arising from fiscal years ended prior to December 31, 2019, where WestOcean S.A. was owed for consideration related to payment processing and marketing services provided to the Group. The advances from WestOcean S.A. was a result of funds advanced to WestOcean by the Group prior to December 31, 2018 to support its operations.

The related party transactions were measured at agreed upon transaction amounts. The payment processing services provided by Ledonford Limited are currently at a minimum level, whereas no services have been provided by WestOcean S.A. since August 2020.

The following table illustrates the compensation incurred to key management personnel during the years ended December 31, 2020 and 2019:

USD

Name	Position	2020	2019
Steve Budin	CEO	$ 150,015	$ 59,425
Damian Goodwin	COO	128,290	127,680
James Dominique/ Daniel Sherratt	CMO	126,537	127,680
German Justh	CFO	90,000	90,000

Steve Budin joined the group midway 2020, and James Dominique started acting as CMO of the Group in December 2020.

7 DISCLOSURE OF OUTSTANDING SHARE DATA

The number of equity-based instruments granted or issued may be summarized as follows:

	December 31, 2020	December 31, 2019
Common Shares - L8 Curacao	23	23
Common Shares - AZT	857	857
Common Shares - PDS	1	1
	881	881

8 CRITICAL ACCOUNTING ESTIMATES

The preparation of the Group's combined, consolidated financial statements requires management to make estimates and judgments in applying the Group's accounting policies that affect the reported amounts and disclosures made in the combined, consolidated financial statements and accompanying notes.

Within the context of the combined, consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the combined, consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances.

Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Group believes could have the most significant impact on the amounts recognized in the combined, consolidated financial statements.

Impairment of financial assets

Judgments made in relation to accounting policies applied

The Group measures impairment losses on financial assets that are subsequently measured at amortized cost. Impairment losses are measured based on the expected credit loss ("ECL") model in accordance with IFRS 9, Financial Instruments. The twelve-month or lifetime expected default rates are estimated by management in calculating the expected credit losses.

Key sources of estimation uncertainty

In each stage of the ECL impairment model, impairment is determined based on the probability of default, loss given default, and expected exposures at default. The application of the ECL model requires management to apply the following significant judgments, assumptions, and estimations:

- movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on financial assets subsequently measured at amortized cost. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- thresholds for significant increase in credit risks based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- forecasts of future economic conditions.

Revenue recognition

Judgments made in relation to accounting policies applied

Under IFRS 15, *Revenue from contracts with customers*, management is required to determine when the control of services or goods are transferred to customers and estimate the variable considerations included in the contracts. Management exercise judgment in determining the point in time control of services or goods are transferred and applies estimates based on information available at each reporting date in determining the amount of variable consideration. Management also applied judgment in determining whether the Group acts as principal or agent in its revenue contracts with customers.

Key sources of estimation

In determining the point in time control of services are transferred, management identifies the performance obligations in the contracts and evaluates the satisfaction of performance obligation time point based on business practice in the industry. Management gathered historical return, refund and chargeback information in estimating the amount of variable consideration, due to the limited operation history of the business, actual results may vary from the estimated amount. In determining the Group's role (principal or agent) in its revenue contracts with customers, management considered the operation model and business practice of the industry.

Leases

Judgments made in relation to accounting policies applied

Management exercises judgment in determining the appropriate lease term on a lease-by-lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds and past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the office rental industry may impact management's assessment of lease term.

Key sources of estimation

In determining the carrying amount of right-of-use assets and lease liabilities, the Group is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base commercial lending rate quoted from the central bank of the jurisdiction where the leased asset operates. Management also considers the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

9 CHANGES IN ACCOUNTING POLICY

There have been no changes in the Group's accounting policies in any of the reporting periods discussed in this MD&A.

10 RISK FACTORS AND UNCERTAINTIES

Certain factors, listed below, may have a material adverse effect on the Group's business, financial condition, and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A and the corresponding financial statements.

The risks and uncertainties described herein and therein are not the only ones the Group may face. Additional risks and uncertainties that the Group is unaware of, or that the Group currently believes are not material, may also become important factors that could adversely affect the Group's business. If any of such risks actually occur, the Group's business, financial condition, results of operations, and future prospects could be materially and adversely affected.

INFORMATION SYSTEMS AND CYBERSECURITY RISKS

The Group places significant reliance on its information technology ("IT") systems to operate its business and is dependent upon the availability, capacity, reliability and security of its IT infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. In the event that the Company is unable to secure its software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve its systems, the operation of such systems could be interrupted or result in the loss, corruption or release of confidential data.

The IT systems are subject to a variety of security risks, which are growing in both complexity and frequency and could include potential breakdown, cyber phishing, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of its IT systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential fiduciary or proprietary information, in a loss or theft of our financial resources, critical data and information or could result in a loss of control of our technological infrastructure or financial resources.

The Group maintains security policies and procedures that include employee protocols with respect to electronic communications and electronic devices, encryption protection of all computers and portable electronic devices and conducts annual cyber-security assessments. The Group applies technical and process controls in line with industry-accepted standards and best practices to protect its information, assets and systems. However, due to the variety and sophistication and frequency of change in technology, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a material negative effect on the Group's business, financial condition, and results of operations as well as on the Group's reputation.

MANAGEMENT OF GROWTH

The Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Group to deal with this growth may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

KEY PERSONNEL

The Group may experience the loss of important staff members. The Group is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

LIMITED OPERATING HISTORY

The Group is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

FORECASTING LIMITATIONS

The Group must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cloud kitchen industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

NEED FOR ADDITIONAL FINANCING AND POSSIBLE EFFECTS OF DILUTION

The development of the business of the Group and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Group's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Group. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

INSURANCE AND UNINSURED RISKS

The Group's business is subject to a number of risks and hazards generally, including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

INTERNAL CONTROLS

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

LITIGATION

The Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant Group resources.

GOVERNMENTAL REGULATIONS AND RISKS

Government approvals and permits may in the future be required in connection with the Group's operations. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Group's operations.

COMPETITION

The Group will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Group. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Group. Because of the early stage of the industry in which the Group operates, the Group expects to face additional competition from new entrants. To remain competitive, the Group will require a continued investment in facilities and R&D to be able to compete on costs. The Group may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Group.

BREACH OF CONFIDENTIALITY

While discussing potential business relationships or other transactions with third parties, the Group may disclose confidential information relating to the business, operations or affairs of the Group. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Group at competitive risk and may cause significant damage to its business. The harm to the Group's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Group will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

INABILITY TO PROTECT INTELLECTUAL PROPERTY

The Group's success is heavily dependent upon its intangible property and technology. The Group relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Group relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Group to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Group's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Group's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Group may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Group's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Group's names and logos. If the Group's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Group's business and might prevent its brands from achieving or maintaining market acceptance.

The Group may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Group to incur significant penalties and costs.

INNOVATION RISKS

In the area of innovation, the Group must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Group may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

CONFLICTS OF INTEREST

Directors of the Group are and may become directors of other reporting companies or have significant shareholdings in other gaming companies and, to the extent that such companies may participate in ventures in which the Group may participate, the directors of the Group may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Group and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Group, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Group will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA, as the case may be. Other than as indicated, the Group has no other procedures or mechanisms to deal with conflicts of interest.

SUPPORT OF BANKS AND PAYMENT PROCESSORS

The Group relies on payment processing and banking providers to facilitate the movement of funds between the Group and its customers. Anything that could interfere with the formation or otherwise harm the Group’s relationships with payment and banking service providers could have a material adverse effect on its business, results of operations, financial condition and prospects. The Group’s ability to accept payment from its customers or facilitate withdrawals by them may be restricted by any introduction of legislation or regulations restricting financial transactions with online or mobile gaming operators or prohibiting the use of credit cards and other banking instruments for online or mobile gaming transactions, or any other increase in the stringency of regulation of financial transactions, whether in general or in relation to the gambling industry in particular. Stricter anti-money laundering regulations may also affect the quickness and accessibility of payment processing systems, resulting in added inconvenience to its customers. Card issuers and acquirers may dictate how transactions and products need to be coded and treated which could also make an impact on acceptance rates. Card issuers, acquirers, payment processors and banks may also cease to process transactions relating to the online or mobile gaming industry as a whole or certain operators. This could be due to reputational and/or regulatory reasons or in light of increased compliance standards of such third parties that seek to limit their business relationships with certain industry sectors considered as “high risk”. It may also result in customers being dissuaded from accessing the Group’s product offerings if they cannot use a preferred payment option, or the quality or the speed of the supply is not suitable or accessible to the customers. Any such developments may have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

ONLINE GAMING INDUSTRY IS HIGHLY REGULATED

The Group, its subsidiaries, and their respective officers, directors, major shareholders, key employees and business partners will be subject to the laws and regulations relating to online gaming of the jurisdictions in which the Group may conduct business. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes and climates, as well as personal biases, may have a material impact on the Group's operations and financial results. In particular, some jurisdictions have introduced regulations that restrict or prohibit online gaming, while others have taken the position that online gaming should be licenced and regulated and have adopted, or are considering adopting, legislation to enable that to happen.

In addition, the Group will be subject to the general laws and regulations that apply to all online, digital and e-commerce businesses, such as those related to privacy and personal information, data security, tax, and consumer protection. The laws and regulations vary in each jurisdiction and future legislative and regulatory action, court decisions, and/or other governmental action, which could be affected by, among other things, political pressures, attitudes and climates, may have a material impact on the Group's operations and financial outcomes.

SOCIAL RESPONSIBILITY CONCERNS

Public opinion can significantly influence the regulation of online gaming. A negative shift in the perception of online gaming by the public or by politicians, lobbyists or others could affect future legislation or regulation in different jurisdictions. Among other things, such a shift could cause jurisdictions to abandon proposals to legalize online gaming, thereby limiting the number of new jurisdictions into which the Group could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming in jurisdictions in which the Group may operate.

In addition, concerns with safer betting and gaming could lead to negative publicity, resulting in increased regulatory attention, which may result in restrictions on the Group's future operations. If the Group had to restrict its future marketing or product offerings or incur increased compliance costs, this could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group will likely face scrutiny related to environmental, social, governance and responsible gaming activities, and its reputation and the value of its brands can be materially adversely harmed if it fails to act responsibly in a number of areas, such as environmental, supply chain management, climate change, diversity and inclusion, workplace conduct, responsible gaming, human rights, philanthropy and support for local communities. Any harm to the Group's reputation could impact employee engagement and retention, and the willingness of future customers and the Group's partners to do business with it, which could have a materially adverse effect on its business, results of operations and cash flows.

THE GROUP MAY BE SUBJECT TO REGULATORY INVESTIGATIONS

From time to time, the Group and its subsidiaries may receive formal and informal inquiries from government authorities and regulators, including securities authorities, tax authorities and gaming regulators, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject the Group to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause the Group to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

ONLINE GAMING INDUSTRY RELIANT ON MOBILE ADVERTISING

The online gaming industry is a relatively new and rapidly evolving industry and as such it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online and mobile advertising, that the supply of advertising inventory will not exceed demand or that smartphone penetration in the in the jurisdictions in which the Group operates will continue to grow. If the industry grows more slowly than anticipated or the Group's products and services fail to achieve market acceptance, the Group may be unable to achieve its strategic objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operations.

THE COVID-19 OUTBREAK AND ITS EFFECT ON THE GROUP'S BUSINESS

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) ("COVID-19") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries including, Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Group's business may be impacted by the recent COVID-19 outbreak. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent months. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Group's ability to access capital, business, results of operations and financial condition, and on the market price of the Common Shares. The extent of this potential disruption on the Group's business cannot be assessed as the full extent of the outbreak and its impact on the global economy cannot be predicted.

SCHEDULE "E"

Pro Forma Financial Statements

KINGS ENTERTAINMENT GROUP INC.

(formerly 1242455 B.C. Ltd.)

Pro Forma Consolidated Financial Statements

September 30, 2021

(Unaudited)

(Expressed in Canadian Dollars, unless otherwise stated)

KINGS ENTERTAINMENT GROUP INC.

(Formerly 1242455 B.C. Ltd.)

PRO FORMA STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2021

(Unaudited) - (Expressed in Canadian Dollars)

	Kings Entertainment Inc. (formerly 1242455 B.C. Ltd.) September 30, 2021	LottoKings Group September 30, 2021 (Note 4)	Pro Forma Adjustments	Notes	Consolidated Pro Forma
Assets					
Current					
Cash and cash equivalents	$ 6,252,759	$ 246,092	$ (250,000)	2(b)	
			2,250,000	2(c)	$ 8,498,851
Due from processors	-	1,096,084	-		1,096,084
Government remittances recoverable	-	122,977	1,250	2(c)	124,227
Prepaid expenses and other assets	84,000	181,780	-		265,780
Deferred financing costs	762,324		(762,324)	2(c)	-
Total Current Assets	7,099,083	1,646,933	1,238,926		9,984,942
Property and equipment	-	3,992	-		3,992
Deferred income tax	-	20,665	-		20,665
Right of use assets	-	1,553	-		1,553
Total Assets	$ 7,099,083	$ 1,673,143	$ 1,238,926		$ 10,011,152
Liabilities					
Current					
Accounts payable and accrued liabilities	$ 316,813	$ 1,270,010	$ -		$ 1,586,823
Income tax payable	-	162,639	-		162,639
Government remittances payable	-	13,690	-		13,690
Deferred revenue	-	15,891	-		15,891
Due to related party	-	117,282	-		117,282
Current portion of lease liabilities	-	302	-		302
Subscription receipts	6,644,500	-	(6,644,500)	2(c)	-
Total Current Liabilities	6,961,313	1,579,814	(6,644,500)		1,896,627
Shareholders' equity					
Share capital	196,203	1,082	(196,203)	2(a)	
			10,337,250	2(a)	
			2,250,000	2(c)	
			(761,074)	2(c)	11,827,258
Special warrants	-	-	-		-
Share subscriptions receivable	-	-	-		-
Foreign exchange translation reserve	-	(546,451)	-		(546,451)
Compensatory option and warrant reserve	233,200	-	4,149,543	2(d)	4,382,743
Retained earnings (deficit)	(291,633)	638,698	291,633	2(a)	
			(3,788,180)	2(a)	
			(250,000)	2(b)	
			(4,149,543)	2(d)	(7,549,025)
Total shareholders' equity	137,770	93,329	7,883,426		8,114,525
Total liabilities and shareholders' equity	$ 7,099,083	$ 1,673,143	$ 1,238,926		$ 10,011,152

KINGS ENTERTAINMENT GROUP INC.

(Formerly 1242455 B.C. Ltd.)

PRO FORMA STATEMENT OF NET INCOME (LOSS) AND COMPREHENSIVE LOSS

For the period ended September 30, 2021

(Unaudited) - (Expressed in Canadian Dollars)

	6 months ended September 30, 2021 Kings Entertainment Inc. (formerly 1242455 B.C. Ltd.)	9 months ended June 30, 2021 LottoKings Group	Pro Forma Adjustments	Notes	Consolidated Pro Forma
Revenue					
Lottery procurement revenue	$ -	$ 4,735,547	$ -		$ 4,735,547
Online casino and scratch card revenue	-	932,819	-		932,819
	-	5,668,366	-		5,668,366
Cost of revenue					
Processing costs	-	724,728	-		724,728
License fees	-	207,843	-		207,843
Commissions	-	1,567,972	-		1,567,972
	-	2,500,543	-		2,500,543
Gross profit	-	3,167,823	-		3,167,823
Operating expenses					
Salaries and benefits	-	1,388,280	-		1,388,280
Marketing expenses	48,330	578,227	-		626,557
Expected credit losses	-	10,291	-		10,291
Bank charges and fees	501	89,690	-		90,191
General and administrative	5,295	51,733	-		57,028
IT services	-	438,084	-		438,084
Interest on lease liabilities	-	480	-		480
Professional Fees	140,337	493,538	250,000	2(b)	883,875
Vehicles and travel	-	1,198	-		1,198
Amortization of right of use assets	-	6,765	-		6,765
Share-based payments	-	-	4,149,543	2(d)	4,149,543
Total operating expenses	194,463	3,058,286	4,399,543		7,652,292
Net loss before other items	(194,463)	109,537	(4,339,543)		(4,484,469)
Interest income	25	-	-		25
Foreign exchange	-	427,362	-		427,362
Listing fee	-	-	(3,788,180)	2(a)	(3,788,180)
	25	427,362	(3,788,180)		(3,360,793)
Net income (loss) before taxes	(194,438)	536,899	(8,187,723)		(7,845,262)
Current tax	-	120,545	-		120,545
Deferred tax	-	(6,695)	-		(6,695)
	-	113,850	-		113,850
Net income (loss)	(194,438)	423,049	(8,187,723)		(7,959,112)
Other comprehensive income					
Foreign currency translation	-	(833,187)	-		(833,187)
Comprehensive loss	$ (194,438)	$ (410,138)	$(8,187,723)		$ (8,792,299)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements of Kings Entertainment Group Inc. (formerly 142455 B.C. Ltd.) ("Kings Entertainment" or the "Company") have been prepared by the management of the Company, in accordance with International Financial Reporting Standards ("IFRS"), for inclusion in the Company's long form preliminary prospectus to become a reporting issuer under the applicable securities legislation in the Provinces of British Columbia, Ontario, and Alberta.

The Company entered into a Share Purchase Agreement dated February 24, 2021, with Legacy, the sole shareholder of each of the Legacy Eight Subsidiaries ("LottoKings Group"), pursuant to which Kings Entertainment agreed to acquire all of the issued and outstanding shares in the capital of each of the Legacy Eight Subsidiaries in exchange for common shares (the "**Acquisition**").

The closing date of the Acquisition is the day that is three (3) business days following the satisfaction or waiver of all of the conditions to closing set forth in the Share Purchase Agreement, or on such other date as the parties may mutually agree.

As a result of the Acquisition, LottoKings Group will become a wholly owned subsidiary of the resulting issuer and the business of LottoKings Group will be the business of the resulting issuer. Legacy Eight, as the former primary shareholder of LottoKings Group will own approximately 46.9% of the issued and outstanding Common Shares upon completion of the Acquisition. The shareholder of LottoKings Group will control the resulting issuer, and as a result, the acquisition will be accounted for as a reverse-take-over.

In the opinion of the Company's management, the pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described in Note 2.

These unaudited pro forma consolidated financial statements of the Company have been compiled from and include:

a) The Company's unaudited financial statements as at September 30, 2021, and for the six month period then ended;

b) LottoKings Group's unaudited financial statements as at September 30, 2021 and for the nine month period then ended, translated into Canadian dollars;

c) the additional information set out in Note 2.

The unaudited pro forma consolidated statement of financial position gives effect to the acquisition of LottoKings Group. by the Company if it had occurred on September 30, 2021.

The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position and results of operations that would have occurred if the acquisition had been in effect at the date indicated as set out in Note 2.

The effective tax rate for the Company is 27%.

(Unaudited) - (Expressed in Canadian Dollars)

2. PRO FORMA TRANSACTIONS

The pro-forma consolidated financial statements were prepared based on the following assumptions:

(a) The Company will acquire all of the issued and outstanding ordinary shares in the capital of LottoKings Group. (the "Transaction") by way of a reverse takeover ("RTO"), in exchange of the issuance of 30,000,000 shares in the Company to the former LottoKings Group shareholder. The result will be LottoKings Group becoming a 100% wholly-owned subsidiary of the Company.

The Transaction will be considered an RTO under the policies of the Canadian Securities Exchange ("CSE"), whereby the acquirer for accounting purposes will be LottoKings Group.

The purchase price will be allocated as follows:

Consideration	
20,674,500 shares at $0.50 per share	$ 10,337,250
Net assets acquired	
Cash and cash equivalents	$ 6,252,759
Prepaid expenses	84,000
Deferred financing costs	762,324
Accounts payable and accrued liabilities	(316,813)
Warrant reserve from deferred financing costs	(233,200)
	6,549,070
Listing fee	3,788,180
	$ 10,337,250

The fair value of the 20,674,500 common shares of the Company was determined to be $0.50 per common share, based on the market value on the assumed date of the Transaction.

(b) The Company will incur approximately $250,000 of professional fees in connection with the Transaction.

(Unaudited) - (Expressed in Canadian Dollars)

2. PRO FORMA TRANSACTIONS (continued…)

(c) On May 7, 2021, the Company completed a Subscription Receipt Financing, for 13,289,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $6,644,500. Each Subscription Receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the CSE.

On November 4, 2021, the Company completed a Subscription Receipt Financing, for 4,500,000 Subscription Receipts at an issue price of $0.50 per Subscription Receipt for aggregate gross proceeds of $2,250,000. Each Subscription Receipt will be converted, without additional consideration or taking further action, into one common share of the resulting issuer, upon listing on the CSE.

In connection with the aggregate financing, the Company reimbursed the agent $76,664, paid an agent fee of $25,000 plus GST, incurred cash commissions of $404,340, and issued 808,680 agent's warrants. The agent's warrants are exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 24 months after listing. The agent's warrants were valued at $233,200, using the Black-Scholes Option Pricing Model with the following assumptions: Volatility of 113%, expected life of 2 years, and risk-free discount rate of 0.23%. Additional costs incurred totaled $21,700, resulting in a total of $762,324 deferred financing costs.

(d) Upon listing, the Company will issue 9,150,000 stock options to directors and officers. The options will be exercisable into one common share of the resulting issuer at a price of $0.50 per share, expiring 5 years after listing. The stock options will vest immediately upon issuance. The options were valued at $4,149,543, using the Black-Scholes Option Pricing Model with the following assumptions: Volatility of 150%, expected life of 5 years, and risk-free discount rate of 0.23%.

3. SHARE CAPITAL

Authorized
Unlimited common shares without par value

Issued

	Number of Shares	Number of special warrants	Capital stock	Special warrants	Share subscriptions receivable	Compensatory option and warrant reserve	Other comprehensive income
Capital stock of the Company as at June 30,, 2021	20,674,500	-	$ 196,203	$ -	$ -	S 233,200	$ -
Capital stock of LottoKings Group. as at June 30, 2021	10,021	-	1,082	-	-	-	(546,451)
Cancellation of the Company's equity	(10,021)	-	(196,203)	-	-	-	-
Consideration shares issued for acquisition (Note 2a)	30,000,000	-	10,337,250	-	-	-	-
Subscription receipts received, and converted into common stock (Note 2c)	13,289,000	-	6,644,500	-	-	-	-
Subscription receipts to be received, and converted into common stock (Note 2c)	4,500,000	-	2,250,000	-	-	-	-
Share issuance costs (Note 2c)	-	-	(761,074)	-	-	-	-
Issuance of stock options (Note 2f)	-	-	-	-	-	4,149,543	-
	68,463,500	-	$ 18,471,758	$ -	$ -	$ 4,382,743	$ (546,451)

(Unaudited) - (Expressed in Canadian Dollars)

3. SHARE CAPITAL (continued…)

Warrants

As at June 30, 2021, the Company has the following agent warrants outstanding:

Number of agent warrants	Exercise price	Expiry date	Remaining life (years)
808,680	$0.50	2 years from listing	2
808,680	**$0.50**		**2**

Stock options

As at June 30, 2021, the Company has the following stock options outstanding:

Number of stock options	Exercise price	Expiry date	Remaining life (years)
9,150,000	$0.50	5 years from listing	5
9,150,000	**$0.50**		**5**

4. FOREIGN CURRENCY TRANSLATION

The unaudited financial statements for LottoKings Group, as at and for the nine-month period ended September 30, 2021 were prepared in USD. For the purpose of these pro-forma consolidated financial statements, those statements were translated into Canadian dollars as follows:

Assets and liabilities in the statement of financial position were translated using the exchange rate in effect on Septemer 30, 2021. Share capital items on the statement of financial position were translated using the historical exchange rate in effect on the date of the underlying transaction.

Income and expenses were translated using the average exchange rate for the period.

4. FOREGIN CURRENCY TRANSLATION (continued…)

Consolidated statement of financial position as at September 30, 2021:

	LottoKings Group September 30, 2021 in USD	Foreign exchange rate	LottoKings Group September 30, 2021 in Canadian dollars
Assets			
Current			
Cash and cash equivalents	$ 193,150	1.274	$ 246,092
Due from processors	860,281	1.274	1,096,084
Government remittances recoverable	96,521	1.274	122,977
Prepaid expenses and other assets	142,673	1.274	181,780
Total Current Assets	1,292,625		1,646,933
Property and equipment	3,133	1.274	3,992
Deferred income tax	16,219	1.274	20,665
Right of use assets	1,219	1.274	1,553
Total Assets	$ 1,313,196		$ 1,673,143
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 996,790	1.274	$ 1,270,010
Income tax payable	127,650	1.274	162,639
Government remittances payable	10,745	1.274	13,690
Deferred revenue	12,472	1.274	15,891
Due to related party	92,051	1.274	117,282
Current portion of lease liabilities	237	1.274	302
Total Current Liabilities	1,239,945		1,579,814
Shareholders' equity (deficit)			
Share capital	881	Historical	1,082
Foreign exchange translation reserve	(258,924)		(546,451)
Retained earnings (deficit)	331,294	Historical	638,698
Total Shareholders’ Equity (Deficit)	73,251		93,329
Total Liabilities and Shareholders’ Equity (Deficit)	$ 1,313,196		$ 1,673,143

4. FOREGIN CURRENCY TRANSLATION (continued…)

Consolidated statement of net income and comprehensive loss for the nine months ended September 30, 2021:

	LottoKings Group September 30, 2021 In USD	FX rate	LottoKings Group September 30, 2021 In Canadian dollars
Revenue			
Lottery procurement revenue	$ 3,785,712	1.251	$ 4,735,547
Online casino and scratch card revenue	745,718	1.251	932,819
	4,531,430		5,668,366
Cost of revenue			
Processing costs	579,365	1.251	724,728
License fees	166,155	1.251	207,843
Commissions	1,253,475	1.251	1,567,972
	1,998,995		2,500,543
Gross profit	2,532,435		3,167,823
Operating expenses			
Salaries and benefits	1,109,825	1.251	1,388,280
Marketing expenses	462,249	1.251	578,227
Expected credit losses	8,227	1.251	10,291
Bank charges and fees	71,700	1.251	89,690
General and administrative	41,357	1.251	51,733
IT services	350,215	1.251	438,084
Interest on lease liabilities	384	1.251	480
Professional Fees	394,546	1.251	493,538
Vehicles and travel	958	1.251	1,198
Amortization of right of use assets	5,408	1.251	6,765
Total operating expenses	2,444,869		3,058,286
Net income (loss) before other items	87,566		109,537
Foreign exchange	341,644	1.251	427,362
	341,644		427,362
Net income (loss) before taxes	429,210		536,899
Current tax	96,367	1.251	120,545
Deferred tax	(5,352)	1.251	(6,695)
	91,015		113,850
Net income (loss)	338,195		423,049
Other comprehensive income			
Foreign currency translation	(666,070)	1.251	(833,187)
Comprehensive loss	$ (327,875)		$ (410,138)

5. INCOME TAXES

No value has been ascribed to any acquired tax loss carry forwards obtained by the Company as part of the Acquisition of LottoKings Group., as the Company is an early-stage company, and it is not known whether sufficient future taxable profits will be available to utilize these losses prior to expiry.

The effective tax rate applicable to the consolidated operations will be 27%.

SCHEDULE "F"

Audit Committee Charter

KINGS ENTERTAINMENT GROUP INC.
CHARTER OF THE AUDIT COMMITTEE

PURPOSE AND PRIMARY RESPONSIBILITY

1. This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Kings Entertainment Group Inc. (the "**Company**"), annual evaluation and compliance with this charter.

2. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

MEMBERSHIP

3. At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

4. The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

5. The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

6. The Chair of the Audit Committee will be appointed by the Board.

AUTHORITY

7. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(i) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

(ii) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

(iii) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

DUTIES AND RESPONSIBILITIES

8. The duties and responsibilities of the Audit Committee include:

(i) recommending to the Board the external auditor to be nominated by the Board;

(ii) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

(iii) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

(iv) overseeing the work of the external auditor;

(v) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;

(vi) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

(vii) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

(viii) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

(ix) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

(x) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

(xi) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

(xii) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

(xiii) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

(xiv) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

(xv) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

(xvi) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

(xvii) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

(xviii) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

(xix) resolving disputes between management and the external auditor regarding financial reporting;

(xx) establishing procedures for:

1. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and

2. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(xxi) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(xxii) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

(xxiii) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

(xxiv) establishing procedures for:

3. reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;

4. reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;

5. obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

6. reviewing fraud prevention policies and programs, and monitoring their implementation;

7. reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

(I) Tax and financial reporting laws and regulations;

(II) Legal withholding requirements;

(III) Environmental protection laws and regulations; and

(IV) Other laws and regulations which expose directors to liability;

9. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

10. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

MEETINGS

11. The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

12. The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

13. The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

14. The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

15. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

16. Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a

meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

REPORTS

17. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

18. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

MINUTES

19. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

ANNUAL PERFORMANCE EVALUATION

20. The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

CERTIFICATE OF KINGS ENTERTAINMENT GROUP INC.

Dated: December 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

"Steven Budin"	_*"Kelvin Lee"*
Steven Budin	Kelvin Lee
Chief Executive Officer	Chief Financial Officer and Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

"Anthony Zelen"	*"Robin Godfrey"*
Anthony Zelen	Robin Godfrey
Director	Director

CERTIFICATE OF AZTECA MESSENGER SERVICES S.A. DE C.V.

Dated: December 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

BY THE SOLE DIRECTOR

"Adam Arviv"
Adam Arviv
Director

CERTIFICATE OF LEGACY EIGHT CURACAO NV

Dated: December 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

BY THE SOLE DIRECTOR

"Adam Arviv"
Adam Arviv
Director

CERTIFICATE OF PHOENIX DIGITAL SERVICES LTD.

Dated: December 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

BY THE SOLE DIRECTOR

"Yaniv Spielberg"
Yaniv Spielberg
Director

CERTIFICATE OF THE AGENT

Dated: December 30, 2021

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

Research Capital Corporation

"Jovan Stupar"
Jovan Stupar
Managing Director

CERTIFICATE OF THE PROMOTER

Dated: December 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, and Ontario.

"Karan Thakur"
Karan Thakur

SCHEDULE B

Exchange Listing Statement Disclosure – Additional Information

14. Capitalization

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	68,463,500	78,681,380	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	27,342,000	29,692,000	39.94%	37.74%
Total Public Float (A-B)	41,121,500	48,989,380	60.06%	62.26%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	50,300,000	51,550,000	73.47%	65.52%
Total Tradeable Float (A-C)	18,163,500	27,131,380	26.53%	34.48%

Public Securityholders (Registered)

For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	92	117,500
2,000 – 2,999 securities	20	40,000
3,000 – 3,999 securities	5	15,000
4,000 – 4,999 securities	12	48,000
5,000 or more securities	117	40,901,000
Total	**246**	**41,121,500**

Public Securityholders (Beneficial)

Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	90	114,500
2,000 – 2,999 securities	20	40,000
3,000 – 3,999 securities	7	18,000

Size of Holding	Number of holders	Total number of securities
4,000 – 4,999 securities	12	48,000
5,000 or more securities	296	40,901,000
Unable to confirm	0	0
Total	**425**	**41,121,500**

Non-Public Securityholders (Registered)

For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	1	2,000
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	27,340,000
Total	**7**	**27,342,000**

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Agent's Compensation Options Each Agent's Compensation Option is exercisable into one common share at an exercise price of $0.50 at any time up to 24 months following the satisfaction of the Escrow Release Conditions.	1,067,880	1,067,880

Description of Security (include conversion / exercise terms, including conversion / exercise price)	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Stock options exercisable at $0.50 for a period of five years from the date of listing	9,150,000	9,150,000
Total	**10,217,880**	**10,217,880**

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

The Issuer has no other listed securities reserved for issuance that are not included in section 14.2.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Kings Entertainment Group Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Kings Entertainment Group Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC this 19th day of January, 2022.

"*Steven Budin*"
Steven Budin
Chief Executive Officer

"*Kelvin Lee*"
Kelvin Lee
Chief Financial Officer and Corporate Secretary

"*Robin Godfrey*"
Robin Godfrey
Director

"*Anthony Zelen*"
Anthony Zelen
Director

"*Karan Thakur*"
Karan Thakur
Promoter