

Waves e-gaming Inc. – Bidding Procedures

On December 20, 2019, Waves E-gaming Inc. (“**Waves**”) went into receivership and Dodick Landau Inc. was appointed as the Privately-Appointed Receiver (the “**Receiver**”) over the assets and undertakings of Waves.

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the stalking horse sale process (the “**Sale Process**”) to purchase the Receiver’s right, title and interest, if any, in and to the assets (the “**Assets**”) of Waves.

The Receiver approved the:

- (a) stalking horse bidding procedures (the “**Bidding Procedures**”) for the purpose of Sales Process; and
- (b) Asset Purchase Agreement dated January 14, 2020 (the “**Stalking Horse Asset Purchase Agreement**” or “**Stalking Horse Bid**”) between the Receiver and Amuka Ventures Inc. (the “**Stalking Horse Bidder**”).

All amounts specified herein are in Canadian dollars.

Assets To Be Sold

The Receiver is offering for sale all of the company’s right, title and interest, if any, in and to all of the Assets and is encouraging bids for all the Assets, in whole and not in part.

The Bidding Process

The Receiver shall undertake the following:

- a) approach potential purchasers for the purpose of marketing the Assets and provide them with a notice of sale document in the form of a teaser;

- b) prepare a confidential information memorandum (“**CIM**”) to be distributed to prospective purchasers who execute a confidentiality agreement (in a form satisfactory to the Receiver);
 - c) determine whether any person is a Qualified Bidder (as defined below);
 - d) coordinate the efforts of Qualified Bidders in conducting their reasonable due diligence investigations;
 - e) receive offers from Qualified Bidders; and
 - f) negotiate any offers made to purchase the Assets
- (collectively, the “**Bidding Process**”).

The Receiver shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process, provided, however, that such other rules are not inconsistent with any of: (i) the provisions of the Stalking Horse Asset Purchase Agreement (including the deadlines therein); (ii) the Bid Deposit Requirement (as defined below); and (iii) the bid protections granted to the Stalking Horse Bidder herein.

Participation Requirements

A “**Qualified Bidder**” is a potential bidder that the Receiver determines is likely (based on the experience of, and considerations deemed relevant by, the Receiver such as the reputation of the bidder, financial information submitted by the bidder, etc.) to be able to consummate a sale if selected as the Successful Bidder (as defined below). Notwithstanding the foregoing, the Stalking Horse Bidder shall be deemed a Qualified Bidder.

Due Diligence

Any Person that wishes to participate in the Bidding Process must: (i) execute a Confidentiality Agreement (the “**Confidentiality Agreement**”) attached as **Appendix**

“A”; and (ii) be a Qualified Bidder. Qualified Bidders who have executed the Confidentiality Agreement will be able to conduct due diligence.

The Receiver shall determine, in its sole discretion, which Qualified Bidders shall be afforded with access to additional confidential information to complete their reasonable due diligence.

The Receiver shall not be obligated to furnish information of any kind whatsoever to any Person that the Receiver determines not to be a Qualified Bidder. The Receiver will afford any Qualified Bidder the time and opportunity to conduct reasonable due diligence subject to the time frames contemplated by these Bidding Procedures. The Receiver will designate a representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders.

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Materials (defined below) to the Receiver c/o Dodick Landau Inc., 4646 Dufferin St., Toronto, Ontario M3H 2N3, Attention: Ms. Naomi Lieberman, not later than 12:00 p.m. (prevailing Eastern time) on February 14, 2020 (the “**Bid Deadline**”). In the event that a bid is determined to be a Qualified Bid, the Receiver shall deliver a written copy of any such Qualified Bid and the Required Bid Materials to the Stalking Horse Bidder’s agent (the “**Agent**”), MKM Law LLP, 840-2967 Dundas St West, Toronto, Ontario, M6P 1Z2, Attention: Josh Marcus (Email: jmarcus@mkmesports.com).

Bid Requirements

All bids (other than the Stalking Horse Bid) are required to include (unless such requirement is waived by the Receiver) (the “**Required Bid Materials**”):

1. A purchase price equal to, or greater than, \$370,000.00 (the “**Minimum Bid Amount**”) for the Purchased Assets, plus any applicable taxes;

2. A letter stating that the bidder's offer is irrevocable until the first business day after the Assets have been sold pursuant to the closing of the sale, or sales thereof, approved by the Court;
3. An executed copy of a proposed purchase agreement and a red line of the Qualified Bidder's proposed purchase agreement reflecting variations from the Stalking Horse Asset Purchase Agreement (the "**Marked Agreement**"). All Qualified bids must provide: (a) a commitment to close within two (2) business days after satisfaction of all conditions and a covenant to use commercial best efforts to satisfy all conditions; and (b) the identity of and contact information for the bidder and full disclosure of any affiliates and any debt or equity financing sources involved in such bid;
4. A cash deposit in the amount of 5% of the total purchase price in the form of a wire transfer, certified cheque or such other form acceptable to the Receiver (the "**Bid Deposit**"), which shall be placed in an escrow account (the "**Escrow Account**"). The Escrow Account shall not be subject to any Liens whatsoever of Waves' creditors or otherwise, and funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder at the Auction, its Bid Deposit will be applied to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the successful Bidder at the Auction, then its Bid Deposit shall be returned to it (subject to the other provisions of these Bidding Procedures and the terms of its purchase agreement);
5. A representation by the bidder and written evidence that the bidder has a commitment for financing or other evidence of the proposed purchaser's ability to consummate the proposed transaction, including executed copies of any financing agreements, commitments, guarantees of the payment obligations of the proposed purchaser, and which the Receiver believes to be sufficient to satisfy the bidder's obligations under its proposed bid, including to consummate the transaction contemplated by the proposed purchase agreement submitted by it as provided above;

6. The bid shall identify those executory contracts and unexpired leases of Waves with respect to which the bidder seeks to receive an assignment;
7. The bid shall not request or entitle the bidder to any transaction or break-up fee, expense reimbursement, termination or similar type of fee or payment and shall include an acknowledgement and representation of the bidder that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its offer, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express or implied, statutory or otherwise, regarding the Assets, the financial performance of the Assets or the physical condition of the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures or the Stalking Horse Asset Purchase Agreement;
8. The bid shall not contain any due diligence, financing or regulatory conditions of any kind other than those contained in the Stalking Horse Asset Purchase Agreement, though the bid may be subject to the satisfaction of other specific conditions in all material respects at closing;
9. The bid shall fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, and the complete terms of any such participation;
10. The bid shall state that the offering party consents to the jurisdiction of the Court;
11. The bid shall include evidence of authorization and approval from the bidder's Board of Directors (or comparable governing body) with respect to the

submission, execution, delivery and closing of the proposed Purchase Agreement of the bidder;

12. The bid shall state that the offering party has not acted, and will not act, in collusion with any other person in connection with its bid; and
13. The bid shall identify any liabilities being assumed.

A bid received from a Qualified Bidder that includes all of the Required Bid Materials and is received by the Bid Deadline is a **“Qualified Bid”**. The Receiver reserves the right to determine the value of any Qualified Bid, and which Qualified Bid constitutes the best offer (the **“Lead Bid”**). Forthwith after the Bid Deadline, the Receiver shall determine which Qualified Bid shall be the Lead Bid for the Purposes of the Auction. A copy of the Lead Bid will be provided to all Qualified Bidders prior to the Auction Date.

Notwithstanding, the bid requirements detailed above, the Stalking Horse Bid shall be deemed a Qualified Bid.

“As Is, Where Is, With All Faults”

The sale of the Assets shall be on an “as is”, “where is” and “with all faults” basis and without representations, warranties, or guarantees, express, implied or statutory, written or oral, of any kind, nature, or description by the Receiver or its respective agents, representatives or estates, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive Purchase Agreement with the Receiver. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise,

regarding the Assets, the financial performance of the Assets or the physical condition, existence or location of the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures or as set forth in a definitive Purchase Agreement. This section shall not merge on closing and is deemed incorporated by reference in all closing documents and deliveries.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Asset Purchase Agreement or another Successful Bidders' Purchase Agreement, and subject to any Permitted Liens which may be defined in the Approval and Vesting Order, all of the Receiver's right, title and interest in and to the Assets subject thereto shall be sold free and clear of all Liens pursuant to the terms of an Approval and Vesting Order, in the form of Commercial List Model Approval and Vesting Order.

The Auction and Auction Procedures

If a Qualified Bid (other than that submitted by the Stalking Horse Bidder) or Qualified Bids which, in either case, in the aggregate provide for consideration of not less than the Minimum Bid Amount, have been received by the Receiver on or before the Bid Deadline, the Receiver shall conduct an auction (the "**Auction**") with respect to all of the Assets, and the Lead Bid will be the starting bid for the Auction.

The Auction shall be conducted at the offices of the Receiver, 4646 Dufferin St., Suite 6, Toronto, Ontario, M3H 5S4, (the "**Auction Site**") and shall commence at 11:00 a.m. (prevailing Eastern time) on February 18, 2020 (the "**Auction Date**"), or such other place and time determined by the Receiver.

The Receiver may conduct the Auction in any manner that it determines will achieve the maximum value for the Assets, provided that the Lead Bidder and Stalking Horse Bidder shall be entitled to be present during each round of bidding, the identity of each such

Qualified Bidder shall be disclosed to the other Qualified Bidders, and all material terms of each Qualified Bid and each subsequent bid made by each such Qualified Bidder shall be disclosed to the other Qualified Bidder. The Receiver also may set opening bid amounts in each round of bidding as the Receiver determines to be appropriate.

If Qualified Bidders submit Qualified Bids, then the Receiver shall: (i) promptly following the Bid Deadline, review each Qualified Bid on the basis of the financial and contractual terms and the factors relevant to the Sale Process, including those factors affecting the speed and certainty of consummating the Sale Process; and (ii) as soon as practicable after the conclusion of the Auction, identify the best offer for the Assets (“**Successful Bid**”) and the bidder or bidders making such bid (**the “Successful Bidder”**).

At the hearing on the Sale Approval Motion, if required, the Receiver will present the Successful Bid to the Court for approval. The Receiver reserves all rights not to submit any bid which is not acceptable to the Receiver for approval by the Court. The Receiver acknowledges that the Stalking Horse Bid is a Qualified Bid and shall be submitted to the Court for approval in the event that there is no other Successful Bid. Except as otherwise provided herein or as restricted by the Stalking Horse Asset Purchase Agreement, the Receiver, in the exercise of its fiduciary duties, may adopt rules for bidding at the Auction that, in its business judgment, will better promote the goals of the bidding process.

If no Qualified Bid is submitted by the Bid Deadline or all Qualified Bids that have been submitted have been withdrawn prior to the Bid Deadline or the Auction Date, then the Receiver shall cancel the Auction in which case, the Successful Bid shall be the Stalking Horse Bid, and the Successful Bidder shall be the Stalking Horse Bidder.

Overbid Amount: Minimum Bid Increment

There shall be an overbid amount that a Qualified Bidder must bid to exceed the Stalking Horse Bid (“**Overbid Amount**”), and the amount shall be at least \$10,000 for all bids made

by Qualified Bidders at the Auction. All subsequent bids shall not be less than \$5,000 in excess of the preceding bid, unless modified by the Receiver.

For example, at the Auction, if the Lead Bid is at the Minimum Bid Amount:

- (a) the next bid for any Qualified Bidder cannot be less than \$380,000 (the Minimum Bid Amount plus \$10,000); and
- (b) the following bid cannot be less than \$385,000.

Acceptance of Qualified Bids

The sale of the Assets to any Successful Bidder by the Receiver is expressly conditional upon the approval of the Successful Bid by the Court at the hearing of the Sale Approval Motion, if required. The Receiver's presentation of any Qualified Bid to the Court for approval does not obligate the Receiver to close the transaction contemplated by such Qualified Bid until the Court approves the Bid. The Receiver will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Sale Approval Motion.

Sale Approval Motion Hearing

The Sale Approval Motion, if required, shall be made returnable on or before February 28, 2020 at 10:00 a.m. (prevailing Eastern Time) in the Court. The Receiver, in the exercise of its business judgment, reserves its right to the extent consistent with the Stalking Horse Asset Purchase Agreement to change the date of the hearing of the Sale Approval Motion, if required, in order to achieve the maximum value for the Assets.

At the hearing of the Sale Approval Motion, if required, the Receiver shall seek approval from the Court to consummate the Successful Bid, and at the Receiver's election, to consummate the next best Qualified Bid (the "**Back-Up Bid**"), and the party submitting the Back-Up Bid, the ("**Back-Up Bidder**") should the Successful Bid not be closed in accordance with its terms for any reason.

If the Successful Bidder fails to consummate an approved Sale Process within seven (7) business days after satisfaction of all conditions thereof, the Receiver may, but shall not be required to, consummate the Back-Up Bid, but without the requirement of any further approval thereof by the Court. The Back-Up Bid shall remain open until the first business day following the consummation of a Sale of the Assets to the Successful Bidder.

Modifications

The Receiver may: (i) determine which Qualified Bid, if any, is the best offer; and (ii) reject at any time before the issuance and entry of an Approval and Vesting Order approving a Qualified Bid, any bid that is: (a) inadequate or insufficient; (b) not in conformity with the requirements of the Bidding Procedures, or the terms and conditions of sale; or (c) contrary to the best interests of the Receiver, Waves' estate or its creditors.

Notwithstanding the foregoing, the provisions of this paragraph shall not operate or be construed to permit the Receiver to accept any Qualified Bid that: (i) does not require a bid deposit of at least 5% of the total Purchase Price to be placed in a protected, segregated account, which shall serve as protection and security for the Stalking Horse Bidder as outlined herein; (ii) does not equal or exceed the Overbid Amount; and (iii) imposes any terms and conditions upon the Stalking Horse Bidder that are contradictory to or in breach of the terms of the Stalking Horse Asset Purchase Agreement other than any such terms and conditions set forth in these Bidding Procedures.

Miscellaneous

The Auction and these Bidding Procedures are solely for the benefit of the Receiver and nothing contained in these Bidding Procedures shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise). The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.