



Symbols: JP - TSX Venture Exchange
JP.WT.A - TSX Venture Exchange
JJ.WT.B – TSX Venture Exchange
JPOTF - OTCQB
LVH3 - Frankfurt & Berlin Stock Exchanges

NEWS RELEASE

JACKPOT DIGITAL ANNOUNCES RIGHTS OFFERING

VANCOUVER, BRITISH COLUMBIA – October 15, 2020 – **Jackpot Digital Inc.** (the "**Company**" or "**Jackpot**") (TSX-V: JP) (TSX-V: JJ.WT.A) (TSX-V: JJ.WT.B) (US OTCQB: JPOTF) (Frankfurt & Berlin Exchanges: LVH3) is pleased to announce that it will be making a rights offering (the "**Rights Offering**") in which holders of record of the Company's common shares, as of the record date of Friday, October 23, 2020 (the "**Record Date**"), will receive rights to subscribe for units of the Company.

Description of Rights Offering

Each registered shareholder of the Company resident in Canada as of the close of business on the Record Date will receive one right (a "**Right**") for every one Jackpot common share held. One Right will permit the shareholder to purchase one unit (a "**Unit**") at a price of \$0.05 per Unit (the "**Basic Subscription Privilege**"). The Rights will expire at 4:30 p.m. (Toronto, ON time) on Thursday, November 19, 2020 (the "**Expiry Date**"). Holders of Rights who fully exercise their Rights under the Basic Subscription Privilege will also be entitled to subscribe, on a pro rata basis, for additional Units, if available, that were not subscribed for by other holders of Rights (the "**Additional Subscription Privilege**"), subject to certain limitations as set out in the Company's Rights offering circular (the "**Rights Offering Circular**").

Each Unit will consist of one common share and one transferable share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to purchase one additional common share at a price of \$0.10 exercisable for five years from the closing date of the Rights Offering. The Rights will be transferable and listed for trading on the TSX Venture Exchange (the "**Exchange**"). The Warrants, when issued, are also expected to be listed on the Exchange, subject to Jackpot satisfying the distribution requirements of the Exchange that at least 75 public shareholders hold at least one board lot each of the Warrants.

The Rights will be listed and posted for trading on the Exchange under the symbol "JJ.RT" on a "when issued" basis commencing on Thursday, October 22, 2020 and will expire at 4:30 p.m. (Toronto time) on the Expiry Date, after which time unexercised Rights will be void and of no value. The CUSIP number for the Rights is 466391190.

The Rights Offering is not subject to any minimum subscription level. If the Rights Offering is fully subscribed, Jackpot will issue up to 12,919,304 new common shares and Warrants to purchase up to an additional 12,919,304 common shares, for total gross proceeds of approximately \$645,965. If the Rights Offering is fully subscribed and all of the Warrants issued on closing of the Rights Offering are exercised, the additional proceeds to the Company will be \$1,291,930. There are currently 12,919,304 common shares issued and outstanding. If all Rights are

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exercised, the Company's issued and outstanding shares will increase to 25,838,608 and if all Warrants covered by this Rights Offering are exercised the issued and outstanding shares will be 38,757,912.

Mr. Kalpakian intends to exercise all or a portion of his Rights and subscribe for Units in the Offering. We can give no assurance that any other insider of the Company will subscribe for any Units in the Offering.

A Notice of Rights Offering and a Rights certificate will be mailed to each registered shareholder of the Company resident in Canada as at the Record Date. Registered shareholders who wish to exercise their Rights must complete the Rights certificate, and deliver the certificate together with the applicable purchase funds, to the rights agent, Computershare Investor Services Inc., before 4:30 p.m. (Toronto, ON time) on the Expiry Date. Shareholders who own their shares of the Company through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

The terms of the Rights Offering and the procedures for exercising Rights will be explained in the Rights Offering Circular. The Rights Offering Circular will be available under the Company's profile on the SEDAR website at www.sedar.com on October 26, 2020.

The Rights Offering will be made only in applicable jurisdictions in Canada, and is not, and under no circumstances is to be construed as an offering of any securities for sale in, or to a resident of any jurisdiction, other than Canada, or a solicitation therein or an offer to buy or sell securities. However, certain holders of common shares of the Company in jurisdictions outside of Canada may be able to participate in the Rights Offering where they can establish that the transaction is exempt under applicable laws. If you are a holder of shares of the Company and reside outside of Canada, please review the Notice of Rights Offering and Rights Offering Circular to determine your eligibility and the process and timing requirements to receive and, or, exercise your Rights. The Company requests any ineligible holder interested in exercising their Rights to contact the Company at their earliest convenience.

The Rights Offering is subject to regulatory approval, including the approval of the Exchange. The Company has obtained conditional approval from the Exchange.

Standby Guarantees

Jake H. Kalpakian, Jackpot's President and Chief Executive Officer has agreed to act as standby guarantor to purchase up to 1,000,000 Units that may be available as a result of any unexercised Rights under the Rights Offering, for subscription funds of up to \$50,000. In addition, three arm's length third parties have agreed to act as standby guarantors to purchase up to a total 9,000,000 Units that may be available as a result of any unexercised Rights under the Rights Offering, for subscription funds of up to \$450,000. As consideration for acting as a standby guarantor, the Company will issue bonus warrants to Mr. Kalpakian entitling him to acquire up to 250,000 common shares and to the other standby guarantors entitling them to acquire up to a total 2,250,000 common shares, which represents 25% of the total number of Units Mr. Kalpakian and the other standby guarantors have agreed to purchase under their standby commitments. The bonus warrants are exercisable at a price of \$0.10 per share for a period of five years after the date on which performance under the guarantees could be required. Standby Guarantors who receive Rights as a shareholder on the Record Date will not receive bonus warrants for exercising their Basic Subscription Privilege or, if applicable, Additional Subscription Privilege. If a Standby Guarantor exercises none of his or its Rights or exercises only a portion of his or its Rights, then the number of bonus warrants that will be issued to the Standby Guarantor will be reduced in accordance with the Exchange's policy.

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Use of Net Proceeds of Rights Offering

Jackpot intends to use the net proceeds raised from the Rights Offering to ensure the Company remains a going concern throughout and following the COVID-19 pandemic. As a result of the Company's reliance on its global cruise clients Carnival Corporation & plc, Royal Caribbean International and Virgin Voyages, the global suspension of cruising has reduced the Company's revenues by more than 95% year over year since March 2020.

If the Offering is fully subscribed, Jackpot intends to utilize the net proceeds of the Rights Offering to pay office/warehouse rent; to pay salaries for the Company's software development and technical teams; to pay building and manufacturing costs of the Company's products; to pay costs related to opening new markets for the Jackpot Blitz™ Electronic Table Game ("ETG") platform; and for general working capital.

President & CEO Mr. Jake Kalpakian, states "After months of pursuing various funding avenues since the COVID-19 pandemic began, it has become clear that this Rights Offering is our best and most equitable option to secure sufficient funding to keep the Company alive and ensure we emerge from the COVID-19 pandemic and global cruise shutdown stronger than when we entered these unprecedented times."

Mr. Kalpakian adds, "In April we reduced our workforce by more than half and have reduced our budgeted expenditures significantly. Since that time, we have continued development, including the final software development of the Company's second commercial product, our new Gaming Portal which will be in addition to our Jackpot Blitz™ ETGs in the Company's product offering. In regards to Jackpot Blitz™ ETGs, we are thrilled about launching our inaugural Jackpot Blitz™ ETG on Royal Caribbean International (RCL) when sailing resumes, and are very excited about what the RCL opportunity offers. Adding RCL to our existing maritime customers, Virgin Voyages and Carnival Cruises PLC, reinforces and expands our global cruise ship gaming presence. The fact is the global cruise business has begun to resume gradually again, and the Company anticipates its revenues to increase progressively over the coming months." Mr. Kalpakian adds "While we are expanding our already dominant ETG position in the cruise ship industry, our ultimate objective is to enjoy that same advantage in the much larger land-based market. To that extent, we are thrilled that the Jackpot Blitz™ is gaining a strong interest because of its inherit Covid-19 friendly advantages. In fact, we have almost two dozen Jackpot Blitz™ ETGs on order from new casino customers."

No U.S. Offering or Registration

This news release does not constitute an offer to sell, or the solicitation of an offer to buy securities in any jurisdiction, including the United States, other than the provinces and territories of Canada. The securities offered under the Rights Offering will not be or have not been registered under the United States *Securities Act of 1933*, as amended (the "**US Securities Act**"), or the securities laws of any state of the United States. Such securities may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S of the US Securities Act) or person in the United States except in transaction exempt from or not subject to the registration requirements of the US Securities Act and applicable state securities laws.

About Jackpot Digital Inc.

Jackpot Digital Inc. is a leading electronic table games manufacturer and mobile gaming provider for the cruise ship industry and regulated casino industry. The Company specializes in multiplayer gaming products, including poker and casino games, which are complemented by a robust suite of backend tools for operators to efficiently control and optimize their gaming business.

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For more information on the Company, please contact Jake H. Kalpakian, President and CEO, at (604) 681-0204 ext 6105, or visit the Company's website at www.jackpotdigital.com.

On behalf of the Board of
Jackpot Digital Inc.

"Jake H. Kalpakian"

Jake H. Kalpakian
President & CEO

Trading in the securities of the Company should be considered speculative.

The TSX Venture Exchange has neither approved nor disapproved the contents of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Certain statements contained herein are "forward-looking". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives, economic or technical performance, or the assumptions underlying any of the foregoing. In this News Release, words such as "may", "would", "could", "will", "likely", "enable", "feel", "seek", "project", "predict", "potential", "should", "might", "objective", "believe", "expect", "propose", "anticipate", "intend", "plan", "estimate", and similar words are used to identify forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied, including, but not limited to: (i) the inability of the Company to obtain TSX Venture Exchange approval of this Rights Offering; ii) the inability of any or all shareholders or standby guarantors to exercise and subscribe for this Rights Offering; and (iii) other factors beyond the Company's control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, projections and estimations, there can be no assurance that these assumptions, projections or estimations are accurate. Readers, shareholders and investors are therefore cautioned not to place reliance on any forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur.